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Why Hafnia is only the tip of the iceberg

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Hanson

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Tomorrow's Weekend FT

Republican convention: George Bush takes the gloves off

FINANCIAL TIMES

Friday August 21 1992 EUROPE'S BUSINESS NEWSPAPER D8523A

Leading German economist warns of recession

Germany is in danger of sliding into recession, one of the country's leading economists said yesterday. Professor Herbert Hax, chairman of the group of independent government advisers, known as the "five wise men", said growth forecasts for 1992 could not be met. Page 14

Enron Europe, a subsidiary of Enron Corporation, one of the largest gas companies in the US, signalled its intention to become a significant player in the UK gas market by purchasing substantial North Sea gas interests from Chevron UK, the oil company. Page 14

Closure threat: British Petroleum Chemicals, the subsidiary of the troubled oil group, has identified its Baglan Bay petrochemicals complex in south Wales as its most vulnerable site, fuelling speculation that it may close plants. Page 7

Briton sentenced: Briton Paul Ride, 33, from Walthamstow, north-east London, who disappeared on June 28 after leaving a hotel in al-Jahrah, west of Kuwait city, was sentenced in Baghdad to seven years' imprisonment for illegal entry into Iraq, the Foreign Office said. Britain had protested to Iraq "in the strongest possible terms" and demanded his release, said a spokeswoman.

Hong Kong talks: Chris Patten, Hong Kong's governor, met Zhou Nan, Beijing's most senior official in Hong Kong, for talks that lasted almost twice as long as planned. They discussed the colony's multi-billion dollar airport scheme, the pace of decision-making within the Anglo-Chinese Joint Liaison Committee, and other issues. Page 4

Finland cuts budget: The Finnish government proposed swingeing cuts worth nearly FM6bn ($1.5bn) in next year's budget, following cuts agreed in June totalling an estimated FM7bn. Page 14

Willis Corroon: Recession, further reductions in insurance rates in the US and lower interest rates have combined to depress profitability at Willis Corroon, the UK's largest insurance broker, which announced a 22 per cent fall in interim pre-tax profits to £54.1m ($103.3m). Page 15

Industrial link: South Korea and China have agreed to establish a huge industrial complex in Tianjin, China, for South Korean companies, although the two countries have no diplomatic relations. Page 3

First airlift: The United Nations flew the first aircraft of food in a month to 300,000 starving civilians trapped in the besieged government-held garrison town of Juba, in southern Sudan, despite rebel threats they would shoot the aircraft down. Page 4

Uni Storebrand: The Norwegian government is studying "options" to help Uni Storebrand, the insurance company, out of its financial difficulties, but has ruled out becoming a "major owner". Page 15

Arab concession: Arab participants in Middle East peace talks will go to Washington on Monday for the scheduled resumption of negotiations, despite criticising what they regard as US bias towards Israel. Page 4

Tokyo shares: Tokyo share prices rallied strongly as investor sentiment grew more positive towards government efforts to support the nation's beleaguered financial industry. Page 4; Feather-bed candidates, Page 13

Appeal for calm: F W de Klerk, the South African president, appealed for calm and tolerance between black and white South Africans, saying he feared that the controversy over Saturday's rugby test match between Australia and South Africa could "ignite a powder keg". Page 4

Airlines' £500m deficit: The world's airline industry fell further into loss last year as smaller companies descended from break-even into a £500m deficit. The 20 biggest airlines cut their losses last year from $2.7bn (£1.41bn) in 1990 to $830m (£434m) largely because of the failure of two US airlines, Eastern and Pan Am. Airlines further in loss, Page 3

Flights to Tokyo: KLM Royal Dutch Airlines won Japanese approval to boost its flights to Tokyo from five a week to 12. Page 3

STOCK MARKET INDICES

FT-SE 100:	2,350.4	(−4.1)
Yield	5.10	
FT-SE Eurotrack 100	1,030.83	(−3.08)
FT-A All-Share	1,128.57	(−0.2%)
Nikkei	15,267.76	(+617.02)
New York Lunchtime		
Dow Jones Ind Ave	3,202.18	(−4.87)
S&P Composite	418.68	(−0.19)

US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	3.127%
Long Bond	99 1/32
Yield	7.326%

LONDON MONEY

3-mo Interbank	10¼%	(same)
Liffe long gilt future:	Sep 97⅝	(Sep 97 11/32)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$19.775	(19.925)

Gold

New York Comex (Aug)	$337.4	(337.9)
London	$337.85	(338.05)

STERLING

New York Lunchtime:		
$	1.938	
London:		
$	1.939	(1.935)
DM	2.8075	(2.8125)
FFr	9.535	(9.55)
SFr	2.5025	(2.53)
Y	244.75	(244.5)
£ Index	91.8	(91.9)

DOLLAR

New York Lunchtime:		
DM	1.447	
FFr	4.913	
SFr	1.2875	
Y	126.3	
London:		
DM	1.4485	(1.453)
FFr	4.9175	(4.935)
SFr	1.2985	(1.302)
Y	126.25	(126.3)
$ Index	59.8	(60.0)
Tokyo close Y 126.37		

Austria Sch30	Hungary Ft162	Malta Lm0.50	S.Arabia SR9.00
Bahrain Din1.000	Iceland IKr180	Morocco MDh11	Singapore S$4.10
Belgium BFr80	India Rs20	Neth Fl 3.50	Spain Pta200
Cyprus C£1.00	Indonesia Rp3800	Nigeria Naira20	Sweden SKr14
Czech Kcs35	Israel Shk5.50	Norway NKr15.00	Switz SFr3.00
Denmark DKr14	Italy L2500	Oman OR1.20	Thailand Bht50
Egypt E£4.00	Jordan JD1.20	Pakistan Rs35	Tunisia Din1.000
Finland FM10	Korea Won 2500	Philippines Pso45	Turkey L6000
France FFr8.50	Kuwait Fils.500	Poland Zl 18,000	UAE Dh9.00
Germany DM3.30	Lebanon US$1.25	Portugal Es180	
Greece Dr250	Lux LFr60	Qatar QR10.00	

Pound slides to lowest level since ERM entry as German monetary growth exceeds target

Dollar falls near to all-time low against D-Mark

By James Blitz in London and David Waller in Frankfurt

THE DOLLAR fell yesterday to only a fraction of a pfennig above its all-time low against the D-Mark. It closed in London at DM1.4455, compared with the nadir of DM1.4430 reached in February 1991.

The dollar's weakness helped to pull sterling to its lowest point against the D-Mark since Britain joined the exchange rate mechanism of the European Monetary System in October 1990.

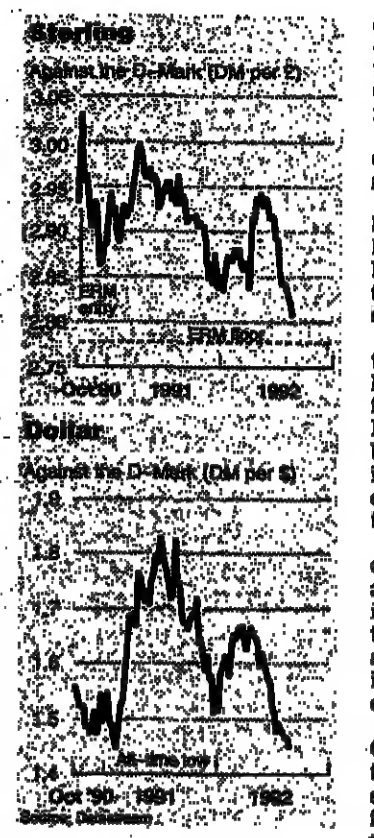
The pound's fall to DM2.8070 left it less than three pfennigs above its permitted floor against the D-Mark in the EMS. If it reaches the floor of DM2.7780, the British government will be forced to support it either by heavy intervention on the foreign exchanges, or by raising interest rates.

Dealers sold dollars and pounds after the Bundesbank issued its latest figure for German money supply growth. The broad money M3 measure grew at an annualised rate of 8.6 per cent between the fourth quarter of 1991 and last month, compared with 8.7 per cent in June.

Although the trend is downwards, the Bundesbank's target growth rate of 3.5 per cent to 5.5 per cent for the year as a whole will certainly be missed, giving the German central bank no reason to relax its tight monetary policy.

For sterling, the situation is compounded by worries about the British economy. The decline in retail sales in July and the slight fall in second quarter output reported earlier this week suggest that the the immediate prospects for recovery remain dim.

Yesterday, UK money supply figures for July – showing an increase from previous month – reduced fears that the economy may be sliding into further decline, although they provided little sign of an upturn.



M0, which mostly comprises notes and coins in circulation, increased by 2.4 per cent in the 12 months to the end of July, after a year-on-year rise of 1.3 per cent in June and 2.5 per cent in May.

M4, a broader measure which also takes in bank and building society deposits, rose 5.7 per cent in the year to July 31, after a year-on-year rise of 5.3 per cent in June and of 5.2 per cent in the previous month.

The changes in the seasonally adjusted figures fit in with the picture of a flat economy. M0 rose by 1.2 per cent between June and July, while M4 increased by 0.8 per cent.

Professor Doug McWilliams, economic adviser to the Confederation of British Industry, said yesterday the UK faced four more quarters of contraction with a recovery delayed until 1994.

He predicted a 1 per cent fall in output this year, followed by zero growth next year.

Foreign exchange dealers believe that both the Fed and the Bank of England will intervene heavily in the markets if both of their currencies continue to decline.

The two concerted interventions made in support of the dollar over the past month have failed to have any lasting effect. Instead, the central banks may be waiting for a point when the intervention will work technically, and the market can be turned.

A key requirement is that dealers should be so short of dollars and sterling that they enter an intense session of buying when the exchange rate starts to rise. It appears that, as yet, the market is not sufficiently short of both currencies.

Although the Bundesbank Council meeting concluded yesterday without a change in interest rate policy, the market is still fearful of a rise in the internationally sensitive Lombard rate following the increase in the discount rate.

Money market interest rates are around the same level as the 9.75 per cent Lombard rate. In the past, the Bundesbank has used this as an excuse for "technical" raising of the Lombard rate to stop banks borrowing from the supposedly emergency Lombard facility.

Central banks move to ease strain of D-Mark, Page 2
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Warning on recovery, Page 7
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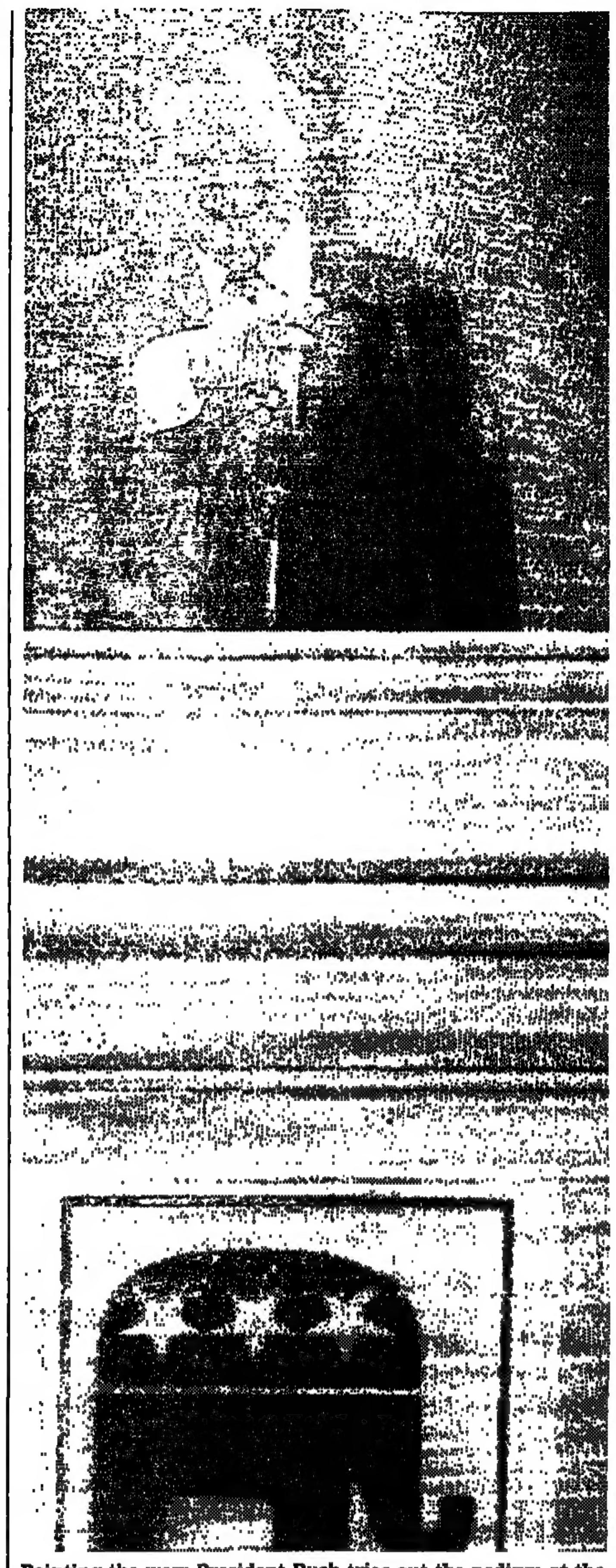


Pointing the way: President Bush tries out the podium at the Republican party convention before last night's speech

Bush hopes 'new ideas' speech will rescue presidency

By Jurek Martin in Houston

PRESIDENT George Bush last night prepared to give the speech that might help save his presidency as he basked in the reflected adulation accorded his wife 24 hours earlier.

He promised yesterday morning that his speech would contain "a lot of new ideas that we want that haven't been tried – that makes them new". But he *laughed off questions about* whether he would commit himself to radical tax reduction.

Mr Robert Teeter, his campaign chairman, was little more forthcoming, observing that the speech would concentrate on the themes of "peace and prosperity".

But he did say he thought the question of the "character" of the two candidates would be an important issue in the campaign.

The voters, he argued, made "a generalised decision" at the end of the day over "which of these two fellows do I trust to sit in the Oval Office". To that end, the final two days of the convention have been devoted to building up the image of George Bush as a man of unquestioned integrity and experience.

The president and Mr Dan Quayle, his running mate, were formally nominated without opposition late on Wednesday night.

The evening, which extolled traditional family values, was dominated by a matriarchal speech by Mrs Barbara Bush which culminated in the president joining her and their 22 children and grandchildren on the podium for a sentence of thanks.

But it also included sharp attacks, direct and oblique, on the moral standards associated with Mr Bill Clinton and his wife Hillary by the Rev Pat Robertson, a television evangelist/businessman, and Mrs Marilyn Quayle, the vice-president's wife.

The Democratic nominee again took exception to the attacks on his wife. Having spent Wednesday helping Mr Jimmy Carter, the former president, build homes for the poor in Atlanta, he countered: "For Bush to attack

Continued on Page 14
Convention reports, Page 5

UK to sell £1bn of loans to utilities

By David Owen and Maggie Urry in London

THE BRITISH government is to use an innovative auction process to sell £1bn ($1.9bn) of its roughly £5bn loans made to privatised utility companies by the end of this financial year.

Under proposals unveiled yesterday, borrowers including British Telecom and several regional electricity companies and power generators, will be invited to bid against each other to repurchase and retire their debt. The Treasury will select which bonds to sell, allowing the repurchase only of complete issues of debt.

Companies which buy back their debts may not achieve significant interest savings in spite of the fall in interest rates since privatisation. Even if the effect was neutral, however, they would be released from restrictive covenants, gaining greater control over their finances.

Baring Brothers, the merchant bank appointed last month to advise on the sale, said it believed debt had not been sold in this way before.

"We have developed a structure that takes full account of the market value," said Mr Cliff

Continued on Page 14

France to send 10 fighters to Gulf

By Alice Rawsthorn in Paris and Roger Matthews in Washington

FRANCE WILL contribute 10 fighter aircraft to help police the air exclusion zone over southern Iraq which British and US officials say will be announced in the next few days.

General Brent Scowcroft, President Bush's national security adviser, said late on Wednesday that the tripartite agreement between the US, Britain and France had been "solidified".

The principle of the zone, designed to prevent the forces of President Saddam Hussein from attacking the Shia population south of the 32nd parallel, had been fully agreed. What remained to sort out was the details.

Mr Pierre Joxe, French defence minister, said yesterday his country would send 10 Mirage 2000 fighters to the Gulf, the same type of aircraft that participated in the Gulf war.

Britain, which yesterday denied there was any rift between the allies about the introduction of the security zone, has already agreed to send six Tornado aircraft. The US has more than 200 combat, reconnaissance and control aircraft in the Gulf area and the Pentagon says there are no plans to send additional aircraft.

US officials said the three allied governments agreed that their planned action was fully covered by UN resolution 688 and that there was no requirement to return to the Security Council for an additional mandate.

Gen Scowcroft claimed there was increasing evidence that President Saddam was pursuing genocidal policies in southern Iraq.

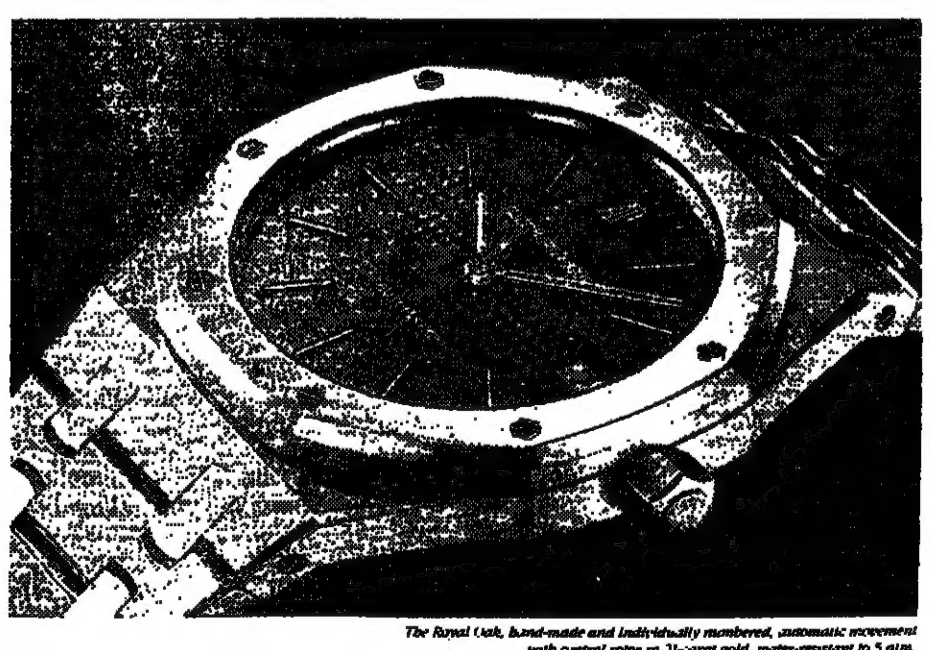
"That is clearly forbidden by UN Security Council Resolution 688. What we're saying is that we're going to monitor and watch what he is doing there. In order to do that we have to make reconnaissance flights and so he has to stop flying."

Gen Scowcroft said there had been a basic change in Mr Saddam's attitude to the UN about two months ago. He was challenging UN resolutions on weapons searches, refusing to renew visas for UN humanitarian workers and launching an offensive against the Shias. "Across the board he seems to be set on defying the UN. That is what this is about."

Asked if an air exclusion zone would be enough to protect the Shias, Mr Scowcroft pointed out that Mr Saddam's forces were experiencing great difficulty advancing on the ground because of the marshes, and that this had led him to deploy fixed-wing aircraft and helicopters.

The US was also concerned that Baghdad had a major project to drain the marshes and "perpetuate an ecological disaster".

ONE OF THE GREAT DESIGNS OF THIS CENTURY. AND PROBABLY THE NEXT.



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Several European states adjust interest rates as their currencies come under pressure

Central banks move to ease strain of the D-Mark

By James Blitz, Economics Staff

THE mighty D-Mark has created new tensions both inside and outside the European Monetary System this week, forcing several European central banks to change their short-term interest rates.

The Swedish bank yesterday moved to protect the krona by raising its key lending rate from 12 to 13 per cent. This pushed up rates in the Finnish money market, and the Bank of Finland countered by lowering the tender rate used in financing to commercial banks to 15.50 per cent from 16 per cent.

Earlier in the week, the Bank of Portugal cut its interest rates by 1 per cent because the differential between the escudo (the strongest currency in the European monetary system) and sterling (the weakest) had widened beyond permitted limits.

Investors continue to be attracted by the high yield of the German currency, with the Lombard rate at 9.75 per cent and little prospect of a cut before the end of this year.

The D-Mark is also proving to be popular in the run-up to France's referendum on the Maastricht treaty on European union next month. Opinion polls published earlier this week suggest the vote will be close.

France's stock market authorities yesterday warned opinion pollsters about allowing details of their polls on next month's Maastricht treaty referendum to be leaked, writes Alice Rawsthorn. The warning follows days of volatile trading on the stock and bond markets, reacting to rumours of poll results. The markets fell sharply on Wednesday morning when results of two polls were leaked, indicating a fall in support for the treaty.

Dealers fear that a French "No" vote will make a realignment of European currencies more politically acceptable.

The Swedish authorities have experienced serious difficulties this week trying to staunch the heavy selling of the krona for D-Marks.

Investors find the Swedish currency unappealing for much the same reason that they dislike sterling.

Sweden has fundamental economic difficulties, with gross domestic product contracting by 1.4 per cent last year and unemployment standing at a historically high 5.3 per cent.

Investors also consider the krona heavily overvalued against the D-Mark: Sweden's trading competitiveness is thought to have fallen by 11 per cent since 1987.

But, although this week's interest rate rise risks exacerbating the country's recession, the authorities could not afford to watch their currency fall. The krona is not in the ERM. But Sweden, which is committed to joining the European Community as well as participating in any eventual European monetary union, is shadowing the Ecu.

Some analysts consider this policy flawed because Sweden is acting as a member of the EMS without enjoying the support of mutual central bank intervention – hence, the need to raise rates this week.

By contrast, the Bank of Portugal had to cut its intervention rate because the currency was too strong.

Until the start of this week, the escudo was at the top of the EMS grid, protected by the bank's policy of maintaining high interest rates to reduce inflation, currently running at an annual 9.5 per cent .

However, the escudo's strength had created strains in the EMS because of its huge differential against sterling. No two EMS currencies can diverge against each other's central rates by more than 6.18 per cent. But the limits were broken last weekend as investors sold sterling for D-Marks.

However the Portuguese cut may turn out to have been excessive. In the immediate aftermath, the escudo slipped from Es85.84 to the D-Mark to Es86.90 and slid two places in the EMS grid.

German monetary policy was reflected in other rate changes this week. Ireland's largest bank, Allied Irish, raised its interest rates by ½ a percentage point to 13¼ per cent.

The bank may have been responding to the upward pressure on European money market rates that followed the Bundesbank's 0.75 percentage point rise in its discount rate last month.

Russia and Germany agree arms conversion venture

GERMAN and Russian companies yesterday formed the first joint venture between the two countries to convert arms to peaceful purposes, spokesmen for both sides said, Reuter reports from Schrobenhausen, Germany.

"This could also be the biggest such joint venture in the world," a German industry spokesman said of the contract, signed in this town near Munich after a year of negotiations.

Under the deal, 1.6m tonnes of conventional munitions from Soviet stocks will be destroyed in Russia in a manner sensitive to the environment in Russia. The components will be recycled.

Munich-based Deutsche Aerospace AG (DASA) and LUB Lurgi Umwelt-Beteiligungsgesellschaft, a subsidiary of metals and engineering group Metallgesellschaft AG in Frankfurt, sealed the deal with ARTA, a Russian grouping of defence industry companies.

An ARTA spokesman said disposing of 1.6m tonnes of munitions from bullets to missiles would take about 10 years.

German spokesmen said they hoped the deal would pave the way for even bigger joint ventures in arms conversion, an increasing market now that the east-west conflict is over, military budgets are being cut and governments are implementing agreements to scrap large numbers of weapons.

The two German companies entered the joint venture through their newly established joint venture Entsorgungs und Sanierungstechnik, based in Schrobenhausen.

Czechs and Slovaks in agreement over split

LEADERS of the Czech and Slovak regional parliaments took a further step towards the eventual liquidation of the Czechoslovak republic yesterday when they agreed that both regions would become successor states to the present federation, Reutor reports from Prague.

"We have agreed to that," Mr Milan Uhde, chairman of the Czech National Council, said after a meeting with his Slovak counterpart Mr Ivan Gasparovic in Prague.

The two leaders discussed the work of commissions of the two assemblies which are drawing up draft proposals for future co-operation after the Czechoslovak state is dissolved.

Agreement on the break-up of the state has been one of the few points of consensus between the winners of June's general elections in Czechoslovakia - the Civic Democratic party (ODS) in the Czech republic and the Slovak Movement for a Democratic Slovakia (HZDS).

ODS leader Vaclav Klaus and Vladimir Meciar of the HZDS have agreed that both sides should conclude negotiations over the framework of future co-operation between the two independent republics by the end of September.

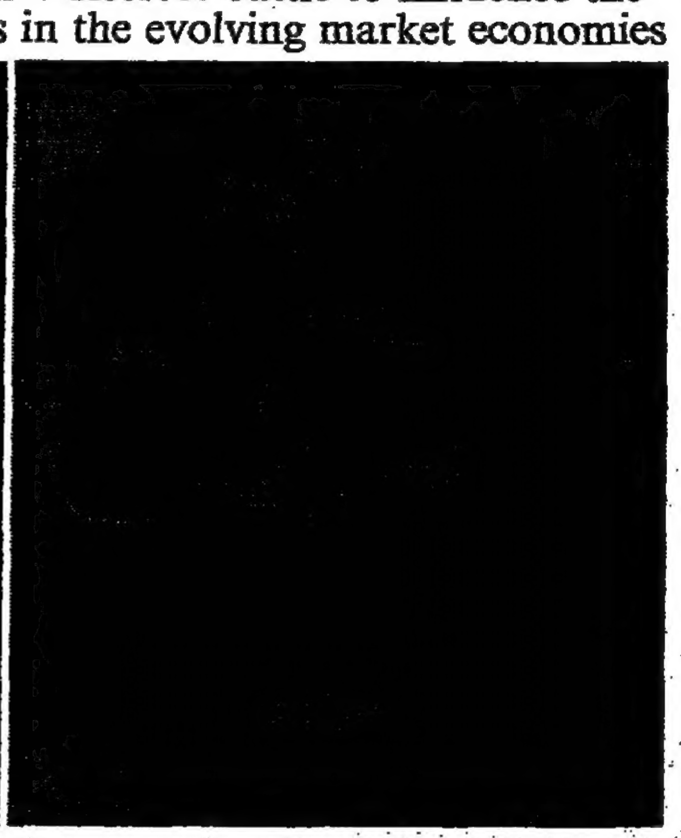
The impending break-up of the country is the result of divergent views on the future composition of the 74-year-old Czechoslovak republic.

Mr Klaus and Mr Meciar are due to meet in Prague on August 26 to discuss further steps towards the split.

Europe's central bankers peddle their bewares

David Waller and Peter Marsh on a discreet battle to influence the direction of monetary institutions in the evolving market economies

Tietmeyer: not surprised advice is sought from Frankfurt



George: personal commitment underscores Bank's efforts

THE BANK of England and the Bundesbank are fighting a discreet battle – for the hearts and minds of eastern Europe's fledgling central bankers.

At stake is the future shape of capitalism in the new democracies as they evolve towards a market economy. At this stage, however, the issues tend to be strictly practical – for example advising on accounting and payment systems, or explaining just how you control money supply.

Compared with the Bank of England and the Banque de France, which have had long experience of giving advice and support to central banks in developing countries, the Bundesbank is a comparative newcomer to the advisory game.

Last year it set up a special department to provide "technical assistance" in this field, in an attempt to expand German influence in parts of the world undergoing political and economic change.

Apart from eastern Europe and the former Soviet Union, the Bundesbank has been in contact with a number of countries from Latin America which have reformed their central banks in recent years.

Stressing Germany's postwar success in fighting inflation, the Bundesbank places special emphasis on the need for central banking independence.

Would-be central bankers from eastern Europe, says Mr Hans Tietmeyer, vice-president of the Bundesbank, are particularly interested in "how and where the bank notes for a new currency are to be printed, what they are to be called, how big they ought to be and what colour they ought to have".

But, says Mr Tietmeyer, these preoccupations ought to be secondary compared with questions such as how a central bank controls the circulation of money or manages a country's foreign exchange reserves – or copes with the "overhang" of money from a previous currency.

"It is not surprising that people come to us with these requests," Mr Tietmeyer says. "Central banking is one area where we in Germany have a reputation for special expertise."

More than 250 east European bankers have come to Frankfurt to learn how the Bundesbank functions, some of them staying for up to two months. Up to 40 German central bankers have had short secondments to the central banks of the former communist states, for example, giving help in setting up accounting systems at the new Russian central bank.

In June, the Bundesbank held a special conference in Prague for the staff of Czechoslovakia's central bank – the first time it has offered a training course for central bankers outside Germany.

The Bundesbank has also offered advice to the states of Estonia, Lithuania and Latvia as they re-established their central banks during the past year, after 50 years of Soviet rule. Estonia, for instance, gave its central bank a statute of independence on Bundesbank lines – and specifically pegged its new currency, the kroon, to the D-Mark when it was launched in June.

The Bank of England has also received numerous requests for help from the east. Over the past 18 months, 200 central bankers from eastern Europe and the republics of the former Soviet Union have been to London for special courses and about 15 of the Bank's staff have spent time on secondment to the east.

Bank officials admit the rivalry with the Bundesbank. This has been particularly delicate in areas of the former eastern bloc conquered by Germany during the second world War, which resulted at the time in Reichsbank officials being brought in to take over local central banking.

The Bank of England's effort is focused on the London-based Centre for Central Banking Studies. This was set up in September 1990 and offers a series of courses lasting up to two weeks to central bankers from the east. With 10 staff, it costs the Bank about £2m a year.

The heads of the central banks of Russia, the Ukraine and Kazakhstan are among the people who have been on the courses in the past few months. Subjects covered include creation of separate currencies, currency convertibility, the development of financial markets, relations between fiscal policy and monetary policy, and press relations.

Early in July, the Bank despatched Mr Tony Latter, a senior manager in the Bank's international division, for a six-month secondment in Kiev. Mr Latter is to act as special adviser to Mr Vadim Hetman, governor of the Ukrainian central bank, and will help out in particular with the introduction of the hryvnia, the new Ukrainian currency due to come into force next year.

The Bank's involvement in the east is underscored by the personal commitment of Mr Eddie George, deputy governor of the Bank and a strong candidate to take over as governor next year when Mr Robin Leigh-Pemberton retires.

One of the 12 or so people within the Bank with a good grasp of Russian – learned during a spell with the army in Berlin during the 1950s – has been interested in the region for decades.

The commitment of the two central banks has its limits, however. Mr Tietmeyer of the Bundesbank explains: "We don't want to take over any responsibility for the policies pursued by a bank," he says. "We don't want them to say: 'Well we were advised by the Bundesbank, so it is their policy.' The responsibility must remain with each country."

Moscow to reorganise trade ties

RUSSIA is yet again to reorganise its foreign economic relations by setting up an Agency for International Co-operation and Development, embracing foreign investment, debt and international organisations, writes Leyla Boulton in Moscow.

The move means the abolition of the Foreign Investment Committee headed by Mr Leonid Grigoriev, who was yesterday said to be unsure whether he would be kept on in the new agency.

The latter will be headed by Mr Alexander Shokhin, the deputy prime minister responsible for foreign economic relations, a post itself created only a few months ago to supplement the existing Foreign Economic Relations Ministry.

● President Boris Yeltsin has signed a decree for a new mineral resources tax in Russia. Interfax news agency quoted the president's office as saying that this would be levied on enterprises exploiting the country's richest oil and gas fields, with the aim to prevent superficial development and waste of resources.

No details were available about the size of the tax or whether foreign joint ventures will be liable to pay it.

Riot police called to French jail violence

By Alice Rawsthorn in Paris

RIOT police were yesterday called into prisons across France to quell outbreaks of violence by inmates on the third day of industrial action by French prison officers.

Mr Michel Vauzelle, justice minister, will this morning resume talks with the officers' unions after they failed yesterday afternoon. The prison officers, protesting against the murder last weekend of one of their colleagues by an inmate at Rouen jail, are demanding higher staffing and better protection.

Over 100 of France's 150 prisons have been affected by the dispute which started on Tuesday with strikes and go-slows by prison officers. Conditions in the jails have fast deteriorated as inmates have protested against the loss of exercise periods, recreational activities and visits.

Prisoners at Baumettes jail near Marseilles set fire to tyres and blockaded corridors until riot police arrived to restore order. Riot squads stopped an outbreak of violence at Mulhouse jail after a prisoner died in a fall from the roof.

Similar scuffles occurred at Toulouse, where prisoners rampaged round the jail in protest at being deprived of lunch, and at Ploemeur in Morbihan. Prison authorities at Nanterre and Bois-d'Arcy drafted in riot police to stop the daily routine being disrupted by the strike.

Nato scales down Bosnian plans as west pulls back from substantial military commitment

By Our Foreign Staff and agencies

NATO'S latest plans to protect relief convoys in the former Yugoslav republic of Bosnia have been substantially scaled down after western governments this week pulled back from making substantial military commitments to the area.

Alliance sources told Reuter yesterday new plans would probably involve no more than 10,000 troops. This compares with earlier estimates of 100,000 troops needed to secure a land corridor from the Adriatic port of Split to the besieged Bosnian capital of Sarajevo.

The new plan envisages that troops would only secure the port, from which escorted convoys will leave once they have the go-ahead from the warring factions. Military planners are reported to have been encouraged by the UN's successful delivery of food by road to the besieged town of Gorazde earlier this week.

The latest Nato thinking brings the alliance closer to plans being developed by the nine-nation Western European Union (WEU), although any eventual operation will probably be carried out under United Nations auspices.

The Nato plan is due to be considered by ambassadors on Monday. But some senior officers say the new blueprint could entail a much greater risk for western troops, a danger which was underlined yesterday when a sniper killed a Ukrainian soldier serving with United Nations peacekeeping forces in Sarajevo.

Meanwhile, aid officials in Zagreb, the Croatian capital, yesterday confirmed that "negotiations are in progress with all parties in Bosnia to liberate people" from detention camps in Bosnia.

The officials would not confirm a US report that Serb authorities had indicated they might open the camps if the international community assumes responsibility for the inmates, but a senior western official said: "The report is credible. Serbs have in recent days expressed some willingness to turn some or all prisoners out of the camps."

An International Committee of the Red Cross official warned, however, that "there is a real problem. You can't just fling open the doors. Many of them are safer in the camps than outside, where they will only fall victim to this 'ethnic cleansing'."

US intelligence agencies estimate there are about 170,000 people in the camps, mostly run by Serbs although some are operated by Croats and Moslems.

● In New York, the 47-member UN Islamic group called yesterday for a resumed session of the General Assembly to discuss the crisis over Bosnia-Hercegovina. UN officials said the session would probably begin on Monday so that members might voice their views before the London conference that will be co-chaired by Mr John Major, UK prime minister, and Mr Boutros Boutros Ghali, the UN secretary-general.

An immediate goal of the Islamic states is to bring pressure through the 179-member Assembly on the Security Council to lift the arms embargo imposed on Bosnia-Hercegovina while it was still a republic within former Yugoslavia.

Honecker trial may call leaders

DEFENCE lawyers for Mr Erich Honecker, the former East German leader, said yesterday that they might call Chancellor Helmut Kohl and the former Soviet president Mikhail Gorbachev to testify when Mr Honecker goes on trial for manslaughter, Reuter reports from Berlin.

France bans imports of house refuse

FRANCE banned imports of household waste yesterday and charged a fourth businessman in connection with hospital refuse from Germany, Reuter reports from Paris.

Germany said the ban, which came into effect yesterday morning, had blocked disposal of up to 700,000 tonnes of everyday rubbish from German homes and companies.

The ban was announced earlier this week after customs officers in eastern France stopped a dozen trucks from Germany carrying syringes, bloodbags and other hospital refuse concealed in ordinary household waste.

The owner of a quarry where some of the refuse was dumped, Mr Georges Perreux, was held yesterday on charges of illegally importing waste which could be health and environment hazards. His son and two other businessmen face similar charges.

Rebel Abkhazia braces for long struggle

By Steve Levine in Sukhumi, Abkhazia

THE SCENE in two homes in the tiny Black Sea resort of Sukhumi summed up the mood after nearly a week of fighting between separatist Abkhazians and the Georgian majority.

On a dirt road, the Arshaba family cowered in their wood-frame home. Ethnic Abkhazians, they awaited word of husbands and brother at the front - and hid from men like Mr Tkutuli Kukachia.

Mr Kukachia, a 52-year-old Georgian with Josef Stalin's photograph adorning his wall, sat with friends at his house 100 yards away, drinking victory toasts of sweet home-made wine.

Fighting between the separatists and the Georgians, which began on Monday when troops were deployed to remove the Abkhazian government, has marked Mr Eduard Shevardnadze's evolution from diplomat to tough pragmatist as Georgian leader.

It has also marked the unification, at least temporarily, of east and west Georgians, who have been feuding for months. But it may not herald a permanent peace in the region.

"The Georgians are well ahead in the battle but the Abkhazians will continue to fight them," said Russian colonel Valery Krasovsky, commander of Commonwealth of Independent States troops in Sukhumi. "All the Abkhazians are soldiers now."

Georgian troops control Sukhumi and much of the countryside. But Mr Vladislav Ardzinba, deposed Abkhazian leader, holed up with 1,500 troops in the town of Buduata, 40km north of Sukhumi, still directs a battle that is killing Georgian soldiers.

Mr Ardzinba's men also control the town of Novy Afon, 25km north Sukhumi. On Wednesday, they were firing on Sukhumi's Mayatskaya district from just 2km away.

The trouble can be traced back to Stalin, a west Georgian who sometimes vacationed in Sukhumi. A century ago, Abkhazians made up nearly all the local population. But Stalin began moving in Mengrelians - west Georgians - as past of his ethnic control programme. Now, the Abkhazians make up just 18 per cent of the population of the semi-autonomous region and Mengrelians 45 per cent.

The latest fighting resulted from a two-week battle of wills between the Georgian and Abkhaz leaderships.

The Abkhaz parliament voted to adopt the old 1925 constitution, which describes the region as independent. That angered Mr Shevardnadze, who declared the vote illegal. The Abkhaz leadership responded by going to the nearby Mengrelian capital of Zugdidi and kidnapping 12 of Mr Shevardnadze's senior officials. That provoked Mr Shevardnadze to order in tanks and throw out Mr Ardzinba's government.

At Sukhumi port on Wednesday more than 1,000 fleeing Georgians and Russians jostled for a position on a Russian steamer heading for the Black Sea resort of Sochi, four hours' voyage north.

Mr Eldgudzha Adamiga, a Georgian who is director of a local hospital, was sending his Russian wife, Irina, and their 11-year-old twin sons to Sochi. In his view, the revolution that swept away communists in the Georgian capital of Tbilisi and elsewhere months ago has finally reached Abkhazia. Mr Ardzinba represented the old, and Mr Shevardnadze the democratic new wave. But he added: "The partisan war will continue. Ardzinba has his forces. They're the old Soviets and they'll keep fighting."

Swiss set date for EEA vote

By Ian Rodger in Zurich

SWITZERLAND'S referendum on the European Economic Area (EEA) treaty will take place on December 6, thus avoiding a possible crisis over implementation next January 1 of the free trade pact between the EC and the European Free Trade Association countries.

Leaders of Switzerland's ruling political parties two weeks ago urged the government to delay the vote, fearing that the Danish rejection of the Maastricht treaty and a possible similar outcome in the French referendum next month would make Swiss citizens even more wary about moving closer to the EC than they already are.

In particular, Swiss politicians fear stubborn opposition from the country's independent-minded citizens to the need to alter some 60 Swiss laws in the next few months.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1. Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Ten 'neighbour' nations in bid to defy S Africa

By Philip Gawith in Johannesburg

THIS week's announcement from the Southern African Development Co-ordination Conference (SADCC) that it plans to turn itself into the more ambitious Southern African Development Community (SADC) is a sign it had failed to deliver the goods.

While few dispute the need for a change, it is unclear that this initiative, which aims to replace a loose arrangement of sectoral co-operation between nine nations with a formal treaty seeking greater economic integration, is for the better.

With the premise of SADC seeming to provide a bulwark against South Africa's economic dominance in the region, it seems destined to fail.

As Johannesburg's Business Day argues, it seems an "exercise in futility" to try to deny economic links with South Africa just when most foreign interest in the region wants to use it as a springboard, not a main player.

SADCC's change was forced on it by the South Africa reform process undermining a basic tenet of its existence: the need to achieve economic independence from a hostile neighbour (South Africa itself).

Formed in 1980 with nine member states (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe), since joined by post-independence Namibia, SADCC sought to reduce external economic dependence, especially on South Africa, and promote economic development.

This week's changeover to the new SADC raises questions on two fronts: the relationship between SADC and South Africa; and the need for greater economic integration.

South Africa brings out contradictory reactions among SADC members. It can be seen as the saviour - the economic locomotive for the region and, with foreign aid flows not as free as in the past, a potential paymaster, or feared, as an economy able to swamp its neighbours.

The dilemma is real, but this week's decision suggests SADC prefers to delay confronting it. Sound political reasons exist for not having any truck with South Africa until it has achieved democracy, but it seems clear the only hope for achieving a useful regional economic grouping is with South Africa at its core. Re-organising before addressing the South Africa issue seems futile.

Setting aside South Africa, analysts are sceptical about the route of deeper economic integration chosen by SADC. Dr Eric Leistner of the Africa Institute notes: "The aims of SADC are more ambitious, so they will fail more spectacularly (than SADCC)."

Three major problems are involved in this route: the first concerns the Preferential Trade Agreement (PTA). Eight of SADC's members belong to the PTA, and SADC overlaps considerably with the PTA, yet SADC will not merge with PTA - an illogical stance.

Second, PTA has had limited success in its aims, such as tariff reduction, due to lack of economic resources and political will on the part of its members. Why should things be different for SADC? Also, the limited success enjoyed in achieving the far less demanding aims of SADCC casts serious doubt on whether SADC can hope to progress in the difficult task of economic integration.

Finally, the enormous economic disparities between the member countries of SADC, in terms of such factors as inflation and access to foreign currency, make integration problematical.

Given these problems, and an unwillingness to cede sovereignty to regional bodies, a more promising route would for the SADC countries to focus on aims such as co-operation in sectors such as energy, transport and movement of goods.

Now Istanbul cares how it is treated

John Murray Brown on an ambitious $6bn sewerage programme for the 21st century

THE LAST mayor of Istanbul promised to make the waters of the Golden Horn as blue as his eyes. Mr Nurettin Sozen, the present incumbent, is no less ambitious. He is spending $6bn on a water and sewage programme for the city's projected 20m population by the year 2010.

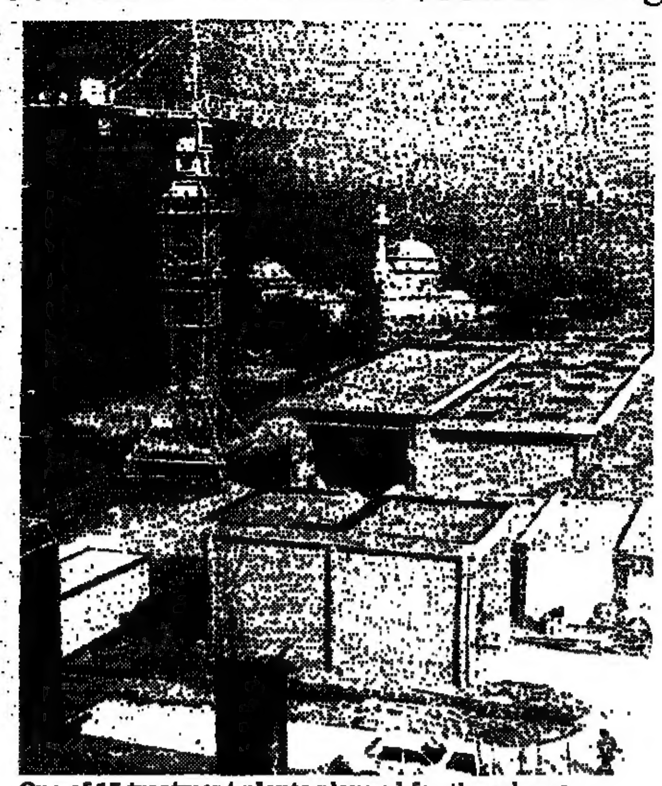
It involves new reservoirs, several thousand miles of supply pipe, 15 sewage plants, and a $1bn plan to divert a river 150 miles away on the Asian mainland.

For Turkey's largest city, water supply is not a new problem. If the complex of aqueducts is any measure, the issue has taxed city planners from Byzantine times.

But today the waters of this part of the Levant are no longer so sweet. There is not a single biological sewage treatment plant for a population of 9m people. Officials say more than 90 per cent of the city's effluent is dumped untreated into the Bosporus or the Sea of Marmara. The remainder is only partly screened.

Omerli lake, Istanbul's principal water source supplying half the city's drinking water, is in danger of contamination. Mr Ergun Göknel, head of Iski, the Istanbul water authority, estimates that 600,000 illegal settlers have built homes on nearby public land and are discharging their effluent into the reservoir.

The Berlin water authority has been contracted to look at ways to protect this vital watershed, a project funded by a $11.2m credit from the Norwegian Nordic Bank. Iski is also talking to the World Bank about a $1bn programme to protect the reservoir shoreline and provide existing settlements with full water and sewage treatment.


One of 15 treatment plants planned for the scheme

The World Bank and other soft loan agencies seem set to play a central role in all of this. Already the German government agency KFW has a water supply project for European Istanbul. Japan's Overseas Economic Co-operation Fund (OECF) is looking at a proposal to redirect the Melen river some 150 miles from the river mouth on the Black Sea to supply the Asian half of the city.

Iski has also had to put its own financial house in order. About half Iski's financing requirement is expected to be provided by internal revenues. A few years ago, Iski was raising bonds to fund its working capital needs. Today, unlike many municipal authorities in Turkey, Iski shows a strong financial improvement, with water sales not charged for down to 32 per cent in 1990-91, down from 50 per cent the year before. Mr Goknel has introduced new billing methods, made improvements to reduce system losses and adjusted the tariff to reflect inflation, now 70 per cent.

The corridors of Iski's head office are inundated with foreign equipment suppliers and local construction groups awaiting the latest round of tenders. Taylor Binnie, the UK water consultant, has already designed sewage systems for both sides of the Golden Horn the North and South Halic schemes.

The southern section was completed in 1988 at a cost of $50m. The following year, the new municipality ordered that all waste water sea discharges had first to receive full biological treatment. The treatment plant and sea outfall at the end of the North Halic section had to be redesigned. Tenders are expected to go out next year for the plant, but until it is built in five years time, sewage on the European shore north of Halic will continue to empty into the Golden Horn and the Bosporus untreated.

Earlier this month, Binnie now part of the Acer construction group, was commissioned to design the next phase of the sewage network. The scheme for the Asian side will intercept the old sewage collectors and streams which now feed directly into the Bosporus.

Under an earlier agreement with Iski in 1983, Binnie had devised what seemed an ingenious method of utilising the Bosporus' natural powers for sewage purification.

The attraction of the scheme was that it utilised the awesome Bosporus current, avoided both an extensive pipelines network and treatment plants, and thus required little land acquisition, a big problem in a crowded city.

Under Iski's new environmental rules, however, Binnie was required to find a site suitable for a large-scale treatment plant. It chose Riva, 30 miles away on the Black Sea coast. The engineering involves construction of the main interceptor through the mountains to the treatment plant. According to project manager Mr Jan Pavel, the interceptor will be as wide as the tunnels in the London Underground railway.

World airlines further in loss

THE world's airline industry fell further into loss last year as smaller companies descended from break-even into a $1bn deficit, a survey out yesterday says, Daniel Green reports. The 20 biggest airlines cut their losses last year from $2.7bn in 1990 to $830m, largely because of the failure of two US airlines, Eastern and Pan Am.

Between 1990 and 1991, Eastern's loss of $1.1bn dropped out of the total and Pan Am cut its deficit from $638m to a first-half $283m, the number included in the total for the year. Airline Business' report shows American Airlines strengthening its position as the world's biggest airline by sales ($12.89bn), though with only a $5m operating profit. American came top on passengers carried and staff employed.

United Airlines and Air France stay in second and third places. Delta of the US moved up from sixth to fourth, jumping Lufthansa and British Airways. BA was the most profitable airline in the top 15. Fastest-growing carrier was Virgin Atlantic, with sales up 81 per cent to $584m.

A shift in aircraft delivery has occurred towards the larger airlines: the top 20 added 374 last year; the next 80 cut the size of their fleets by 123. Airline Business' figures are lower than those of the International Air Transport Association (IATA), partly because they include non-IATA carriers such as SouthWest Airlines of the US and United Parcel Services.

● A A Tupolev Tu-204 twin-engined aircraft powered by Rolls-Royce RB211-535E4 engines has test-flown successfully near Moscow, part of a Rolls-Royce-Tupolev deal worth probably £500m.

S Korea, China to set up Tianjin industrial zone

SOUTH Korea and China have agreed to establish a huge industrial complex in Tianjin, China, for South Korean companies, the state-run Korea Land Development Corp (KLDC) said, Reuter reports from Seoul.

The complex will be the first of its kind between the two countries, which have no diplomatic relations.

The preliminary agreement was reached by Mr Kwon Young-gak, head of the South Korean corporation and Yi Zhikuan, honorary chairman of Tianjin Economic and Technological Development Area.

Under the preliminary agreement, South Korean companies will obtain rights to 130,000 sq metres in Tianjin for 50 years. KLDC will manage construction of an industrial complex due to begin in April 1993 for completion by the end of 1994.

The two sides will sign a final contract when their governments give approval. They will continue to negotiate the price of the land. KLDC will start receiving applications from October from domestic companies seeking to operate factories in the complex.

KLM set to boost flights to Japan

KLM ROYAL Dutch Airlines has won Japanese approval to boost its scheduled services to Tokyo, it said yesterday, Ronald van de Krol reports from Amsterdam. Japan Airlines (JAL) can use Amsterdam's Schiphol Airport as a European hub. JAL is studying operating onward "feeder" flights in partnership with European airlines, including KLM. KLM can increase its services to Japan to 12 a week in 1995 from five at present. JAL will be allowed 10 flights to Amsterdam a week in 1995.

Chile plant deal

A Spanish subsidiary of Babcock & Wilcox and Siemens of Germany has won a $170m (£89m) contract to build a thermoelectric power plant in northern Chile for Edelnor, a state-owned utility, writes Leslie Crawford in Santiago. The 150MW station will supply copper mines there. Babcock & Wilcox Espanola and Siemens are to take an $8m shareholding in Edelnor. The utility plans to finance the station with $40m of its own capital, credits worth $48m, and a share placement of $74m.

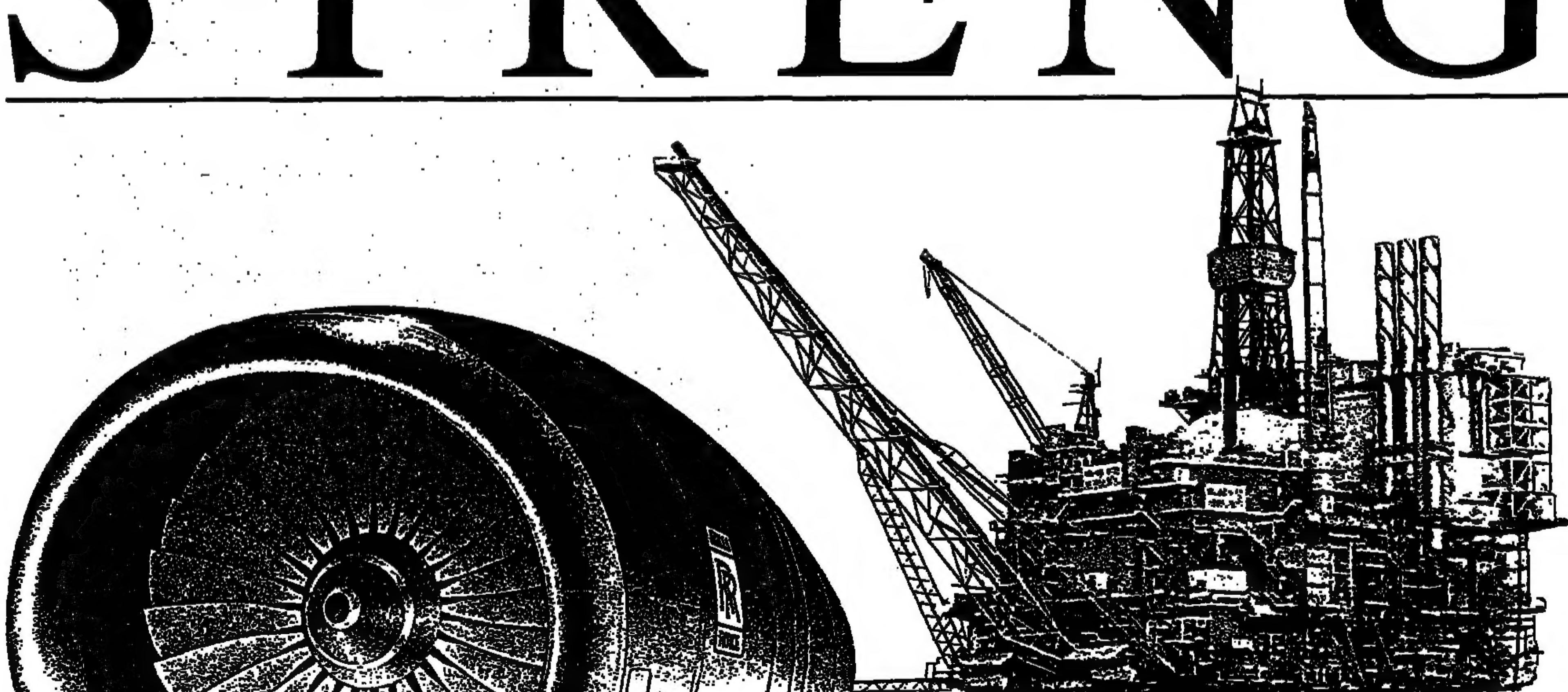
Thai power pact

A British Gas-led partnership has been chosen to develop a project to build, own and operate a £175m utilities plant serving a petrochemical complex in Thailand, the company said, Reuter reports from Bangkok. British Gas, with Tractebel of Belgium, will develop the plant to supply electricity to the petrochemical complex being built by Thai Olefins Co at Map Ta Phut, south of Bangkok.

Citroën 'accord'

Vietnam will in principle let Citroën of France build a car assembly plant in Hanoi, the French daily Les Echos quoted Nguyen Mai, deputy head of the state co-operation and investment committee, as saying, Reuter reports from Hanoi. Citroën said no decision had been taken yet.

TOWER OF STRENGTH



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Tokyo share prices rally but spending tumbles

By Steven Butler and Emiko Terazono in Tokyo

TOKYO share prices rallied strongly yesterday as investor sentiment grew more positive towards government efforts to support the nation's beleaguered financial industry.

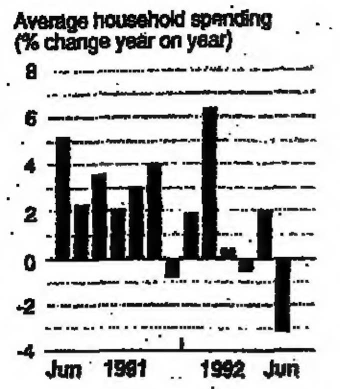
The Nikkei average rose by 617.02 points to close above the psychologically important 15,000 level at 15,267.76.

The rally came in spite of further evidence that consumer spending is falling rapidly, raising serious questions about how soon the Japanese economy can recover its path of growth and help to restore corporate profits.

Investors were encouraged by a statement from Mr

Japan

Average household spending (% change year on year)



Yasushi Mieno, the central bank governor, supporting the idea, currently under discussion, of banks forming a joint corporation to purchase land currently held as collateral for non-performing loans.

The land would then be made available for sale to local and central government authorities, who would be expected to purchase it with funds provided in a supplementary budget being drawn up by the government. Reports yesterday suggested that the package would be ready for presentation at the end of the month.

Although Mr Mieno said the central bank was not considering financial backing for the plan, investors interpreted his statement as evidence that the authorities were taking the financial markets' difficulties seriously and working in tandem to provide support.

The Finance Ministry was also yesterday reported to be considering providing banks with tax incentives to take part in the rescue of heavily indebted non-bank financial institutions by, for example, lending money at below market rates.

An official from the National Tax Administration Agency yesterday said that the agency and the ministry were discussing "whether to adopt a flexible approach to permit banks to set aside special loan loss reserves [that would not be taxed]."

"The authorities finally seem to be serious about providing a safety net for the banks," said Ms Alicia Ogawa, banking analyst at SG Warburg Securities.

"If the authorities provide tax incentives for banks, it will help them speed up bad loan write-offs and undertake more positive support plans for ailing borrowers," said Mr Nozomu Kunishige of Kleinwort Benson International.

In April, the Ministry of Finance said loans by Japan's top 21 banks in arrears by six months or more in 1991-1992 were worth between seven trillion (thousand billion) and eight trillion yen.

Special loan loss reserves set aside by Japan's 11 big banks surged to 835.9bn yen at the end of March, up from 492.3 billion a year earlier. Bad loans have been increasing as a result of the economic slowdown and stagnant property markets, analysts said.

In spite of yesterday's big rise in the market, however, investors remained cautious. The rally was caused when investors who were betting on a decline in the market by selling short covered their positions by buying shares. There is still no rush of new money into the market and the economic news continues to be bleak.

Average household spending in June declined by 3.2 per cent in real terms compared to June last year, according to a survey by the Management and Co-ordination Agency. Spending by wage-earning households declined by 3.4 per cent.

For the second quarter of the year, average spending was off by 0.6 per cent. After adjustment for the increased number of households, Mr Geoffrey Barker, economist at Baring Securities, estimated that consumer spending would contribute nothing to second quarter economic growth.

"It is difficult to see how there will not be a significant negative GNP figure for the second quarter," he said.

GNP figures, which will influence the size of any government supplemental spending package, will be released next month. The unexpected drop in consumer spending will force the government to take strong measures to get the economy moving again.

See World Stock Markets

Patten and Zhou hold Hong Kong discussions

By Simon Holberton in Hong Kong

MR Chris Patten, Hong Kong's governor, yesterday met Zhou Nan, Beijing's most senior official in Hong Kong, for talks that lasted almost twice as long as planned.

A brief government statement after the nearly two-hour meeting said the discussions had been "very useful" and had touched upon many of the main issues facing Hong Kong. It did not elaborate.

Hong Kong officials said that both men presented their previously stated positions on the current wrangle over the colony's multi-billion dollar airport scheme, the pace of decision-making within the Anglo-Chinese Joint Liaison Committee, and other issues.

Disagreement over financing new airport continues to mar Sino-British ties despite a year-old agreement to clear remaining obstacles to the airport's construction. China so far has failed to approve the financing plan, holding up work on the project which is supposed to open by July 1997, when Hong Kong reverts to Chinese rule.

Mr Patten is keen to establish a channel of communication with decision makers in Beijing. The length of this first meeting was taken as an encouraging sign that he might be able to do business with Zhou.

Mr Patten said the meeting had been "very friendly" and that he looked forward to regular and productive contacts with Zhou in the future.

The New China News Agency, of which Zhou is director, released a statement saying that Zhou hoped to build a "good working relationship" with the governor.

● Hong Kong's Hang Seng Index yesterday fell 106.47 points, or 1.89 per cent, to 5,513.97. This was mostly attributed to foreign selling in a very thin market.

Although the market has recently fallen over 6 per cent, it is still up about 35 per cent over the year.

A spate of heavy selling late in the morning and early afternoon sent the index 243 lower before a wave of late buying and bargain hunting in the final 15 minutes of trading swung the market 100 points higher.

● Taiwan will draft a bill to govern relations with Hong Kong after the British colony reverts to Chinese rule in 1997, Reuter reports from Taipei.

The bill will provide a legal framework for Taiwan's policy on issues such as air, shipping and postal links, immigration from Hong Kong, and unofficial Taiwanese representative offices in the territory.

Peng Shu-hung of the cabinet's Mainland Affairs Council said the council was soliciting the views of scholars, officials and businessmen on the bill. He denied a newspaper report that it would be drafted within a year, saying there was no timetable.

Lebanese poll plan revives fear of violence

Lara Marlowe looks at why the country's first post-civil war election is so bitterly opposed

PRESIDENT Elias Hrawi's Syrian-backed government yesterday appeared determined to go ahead on Sunday with the country's first parliamentary elections in almost two decades, in spite of opposition from most of the country's Christians and widespread fears that the poll could lead to renewed violence.

Christian groups want the elections postponed until after Syrian troops withdraw from Beirut and other areas in the autumn as agreed in a Moslem-Christian peace agreement signed in the Saudi resort of Taif in 1989.

Lebanese politicians, the Maronite Patriarch, the Papal Nuncio and the French ambassador to Lebanon continued a flurry of consultations yesterday in a last-ditch attempt to postpone Sunday's voting and stave off a three-day protest strike by Lebanon's Christian community starting today.

A stormy cabinet meeting called to discuss the elections broke off inconclusively Wednesday.

Three Christian members of parliament brought an implicit threat back from their meeting in Damascus with Mr Abdel-Halim Khaddam, the Syrian Vice President, on Wednesday night. "If those boycotting the elections endanger security," the deputies quoted Mr Khaddam as saying, "then no one should expect Syria to help the Christians. No power in the world will come to their assistance."

Opponents and supporters of the elections accuse each other of undermining national unity and dire predictions are made by both sides.

Mr Nabih Berri, leader of the pro-Syria Amal Shia movement and a candidate in the south, said he fears the Lebanese army – responsible for security during the poll – could disintegrate, provoking the return of the militias.

General Antoine Lahd, the leader of Israel's South Lebanon Army (SLA) militia allies in southern Lebanon, condemned what he called "sham and illegitimate elections" and warned of "dangerous developments" if they take place. Inhabitants of the Israeli-occupied area would have to obtain passes from the SLA to vote in territory controlled by the United Nations or the Lebanese government.

Mr Uri Lubrani, the Israeli official responsible for Israeli activities in Lebanon, later expressed support for General Lahd's position and accused Syria of trying to force Lebanon into "bogus elections."

Voting is scheduled to start on August 23 in northern Lebanon and the Bekaa Valley, the two regions of Lebanon most firmly under Syrian control. Prime Minister Rashid Solh is reportedly willing to postpone the August 30 Beirut-Mount Lebanon and September 6 southern Lebanon rounds – on condition that elections take place there before October 15 when the present parliament will be dissolved.

But such a "compromise" is unlikely to satisfy the Christian opposition unless Syrian troops withdraw from Beirut in the meantime.

Twenty-two contestants – including four prominent Moslems – withdrew their candidacy this week in protest at the conditions under which the elections are being held. In addition to the presence of foreign troops, opponents say the pre-civil war voters' lists are invalid, that a supervisory body required by the constitution was not formed and that thousands of people displaced by the war are afraid to go to their home villages to vote.

The Taif Peace Accords established Lebanon's 16 *mohafezat*, or provinces, as voting districts. But the government has maintained the smaller *caza* where necessary to favour pro-Syrian, pro-government candidates in the Chouf and the south.

Yet despite the controversy and the L£10m (£2,220) registration fee, there is no shortage of candidates for the parliamentary seats, which still carry privileges in Lebanese society: 275 candidates are disputing 51 seats in the Bekaa and northern Lebanon, while in Beirut and Mount Lebanon, 198 are competing for 54 seats.

Registration for the remaining 23 seats has not yet closed. Thousands of photo-posters of candidates cover the walls of Beirut, but the lackluster campaign has elicited more cynicism than enthusiasm.

One exception, Mr Adnan Traboulsi, the fundamentalist leader of a poor but respected Sunni Moslem clan, assembled 50,000 supporters at a rally last week. Mr Traboulsi's posters proclaim him to be "an honest man" in a country rife with corruption.

The uncertainty surrounding the elections has increased pressure on the Lebanese pound, which traded yesterday at up to L£2,500 to the dollar after rising to L£2,340 on the strength of Central Bank intervention at the beginning of the week. Central Bank officials last week said the Bank was spending some $4m each day in foreign exchange reserves to shore up the currency.

A nation displaced: members of an Afghan family sit on a van carrying all their luggage as they wait for customs clearance at the Pakistani border earlier this week

UN seeks a way out for Kabul diplomats

By Farhan Bokhari in Karachi

UNITED NATIONS officials were yesterday in contact with leaders of Afghanistan's two warring factions in an effort to ensure the safe evacuation of western diplomats from Kabul.

Rockets have damaged the French and Turkish embassies and two Russian embassy staff were killed by rockets last week.

However, it was not immediately clear if a temporary ceasefire could be arranged two weeks after intense fighting broke out between forces loyal to hardline dissident leader Mr Gulbuddin Hekmatyar and president Burhanuddin Rabbani.

Fighting was less intense overnight following a sustained rocket attack on Kabul which caused hundreds of casualties.

Government troops killed 70 Hezb fighters and injured 120 in the southern Bini Hisar district and destroyed two rocket batteries, Kabul Radio said.

At least 100,000 people are thought to have left the city in search of shelter and food, western diplomats say. Life has been severely disrupted because of damage to water and electricity supplies, and large-scale food shortages. Hospitals are severely short of medical supplies.

Mr Hekmatyar has demanded the expulsion of Uzbek militiamen led by Gen Rashid Dostum, as a prerequisite for peace.

Gen Dostum was previously a close ally of former communist-backed President Najibullah, who fell from power in April this year. However, Gen Dostum has assumed a key role in the new mujahideen government, after changing sides to support Ahmed Shah Masood, the new mujahideen defence minister.

This week, the Pakistani government stepped up pressure on Mr Hekmatyar by cutting supplies in an effort to force him to seek a peaceful resolution. But he has vowed to fight on.

Some officials believe that his fighters, who now occupy strategically important ground on the hills outside Kabul, may have to move when winter snowfalls begin. President Rabbani was yesterday reported to have appealed to Iran for badly-needed fuel supplies and other aid.

"He (Rabbani) hoped Iran would provide the Afghan people with more relief supplies, especially oil products, at this critical period," the Iranian News Agency said. Iran was a supporter of the Moslem mujahideen guerrilla groups which toppled the Soviet-installed government.

Last week Mr Rafsanjani told Mr Ustad Farid, since sacked as Afghanistan's interim prime minister, that Iran was ready to help its neighbour but reconstruction aid could only be made when calm returned to the country.

● A mujahideen peace mission has met Mr Masood and plans a round of talks with Mr Hekmatyar today, Reuter adds.

The 15-man team sent by Governor Abdul Qadeer of neighbouring Nangarhar province arrived in Kabul on Tuesday to try to negotiate a ceasefire.

Diplomats said they were not optimistic about a ceasefire, noting that several had been agreed and broken between Mr Hekmatyar's Hezb-e-Islami and the government.

Arabs will go to Washington peace talks

By Tony Walker in Amman

ARAB participants in Middle East peace talks will go to Washington on Monday for the scheduled resumption of negotiations, despite their criticism of what they regard as US bias towards Israel.

Meeting in Damascus yesterday, officials representing Israel's neighbours and the Palestinians expressed their "readiness" to attend the Washington talks.

However, Arab officials also voiced strong misgivings about the US decision to provide Israel with billions of dollars of loan guarantees without securing Israeli agreement to a complete settlement freeze in the occupied West Bank and Gaza.

Mr Farouk al-Shara, Syria's foreign minister, charged that Washington had damaged its credibility as an honest broker. Arabs believe President Bush's decision to approve the $10bn (£5.2bn) in loan guarantees was hasty and dictated by his desire to make peace with the American Jewish community before November's presidential election.

"The US gave the loan guarantees to Israel without getting a pledge ensuring a total halt of Israeli settlement activities in the occupied territories," Mr Shara said.

The Damascus meeting also called Washington's pledge to maintain Israel's military edge over the Arabs "contrary to peace".

The Palestinians had threatened to postpone their participation in the Washington talks in protest at what they regarded as a softening in the US position on settlements.

The Washington talks will be the sixth round since the latest US-sponsored Middle East process was launched in Madrid last October.

Negotiations had made scant progress but the election of a new and apparently more flexible government in Israel has raised hopes of progress.

Lebanon, Jordan, Syria and Egypt were represented in Damascus yesterday by their foreign ministers. Also participating was Mr Farouk Kaddoumi, the veteran PLO official.

NEWS IN BRIEF

UK opposition calls for more Somali aid

BRITAIN'S opposition Labour party yesterday called for the UK's aid effort to famine-hit Somalia to be stepped up, acusing the government, the EC and the United Nations of "dithering disgracefully".

Returning from a four-day visit to the area, Mr Tony Worthington, Labour overseas development spokesman, urged every EC country to give a Hercules aircraft or equivalent and immediately start flying in supplies. He called for the role of UN peacekeeping forces in Somalia to be clarified and for a UN conference of reconciliation between the local parties to be convened. Baroness Chalker, the overseas development minister, should visit the country to "see for herself" the dreadful conditions prevailing, he said.

The government retorted that Britain had been among the first countries to respond as "new possibilities for delivery" had opened up, and said it had provided over £19m worth of emergency aid since January 1991. It said Baroness Chalker planned to visit Somalia next month with EC colleagues.

Bangladesh strike sees clashes

Police yesterday fired tear gas and used truncheons on pickets during a 12-hour opposition-led strike in Bangladesh called to protest against the shooting of an opposition member of parliament, Reuter reports from Dhaka.

Clashes erupted when police staved off a group of activists trying to set fire to a government bus plying in central Dhaka in defiance of the strike call, a police official said. In another incident, police fired tear gas on pickets who hurled fire-bombs at them, he said.

Shops, banks, offices and factories across the country stayed shut and streets in Dhaka, Chittagong, Khulna and Rajshahi were empty during the 12-hour shutdown, officials said.

Mozambique jails party chief

The leader of Mozambique's only legal opposition party has been jailed for an offence he was convicted of seven years ago, Reuter reports from Maputo.

Radio Mozambique reported that Mr Carlos Reis, President of the Mozambique National Union (UNAMO), had been arrested in his home province of Zambezia. He was accused of speculation, an economic crime in Mozambique, but left the country before he could be brought to court. Tried in his absence, the local court sentenced him to an 18-month prison term and heavy fine, since converted to a further 12 months' imprisonment.

De Klerk appeals for calm

By Patti Waldmeir in Pretoria

MR F W de Klerk, the South African president, yesterday appealed for calm and tolerance between black and white South Africans, saying that he feared that the controversy over Saturday's rugby test match between Australia and South Africa could "ignite a powder keg".

The issue of whether national symbols such as the South African flag and anthem should be banned from the match has pitted white against black in bitter verbal battles, highlighting a deterioration in race relations in recent months.

Whites (who overwhelmingly support rugby) have been infuriated by the insistence of the African National Congress (ANC) that there be no official display of flags or singing of the national anthem, die Stem, both potent symbols of Afrikaner nationalism.

Blacks (who primarily support soccer) argue that these are symbols of apartheid repression, and that such official displays should be banned from future sporting events – though the ANC has said it will not object to individual supporters carrying flags or singing.

The ANC, which largely controls South Africa's access to international sport through its sanctions campaign, has said it would prevent future rugby tours unless these conditions are met on Saturday – especially the observance of a minute of silence for the dead of South Africa's black townships.

At last week's New Zealand-South Africa match, white spectators broke into a spontaneous rendition of the national anthem during this period.

Yesterday, Mr de Klerk said his government agreed that a minute's silence should be observed on Saturday, though he stopped short of urging his supporters to remain silent.

On the subject of deadlocked constitutional negotiations, the president said government would convene a meeting early next month of like-minded parties – including the Zulu Inkatha Freedom Party - to plan for the eventual resumption of talks with the main black group, the ANC.

When talks do resume they could include radicals from right and left – the ultra-radical Pan Africanist Congress and a splinter right-wing group – which had boycotted earlier talks.

UN begins Sudan airlift

By Julian Ozanne in Nairobi

THE United Nations yesterday flew the first aircraft of food in a month to 300,000 starving civilians trapped in the besieged government-held garrison town of Juba, in southern Sudan, despite rebel threats they would shoot the aircraft down.

The successful relief flight came as Africa Watch, an influential international human rights body, condemned rebel threats to shoot down aircraft carrying food as showing "a callous disregard for the welfare of the people on whose behalf [they] claim to be fighting".

Mr Paul Mitchell, an official with the UN World Food Programme, said a Russian Ilyushin 76 transporter aircraft carrying 40 tonnes of food and 5 tonnes of medicines landed successfully in Juba, the first UN aircraft to land in the town since the UN suspended relief flights due to insecurity on July 16th.

The 300,000 civilians trapped in Juba, which is under siege by the rebel Sudan People's Liberation Army (SPLA), face death from starvation and are completely dependent on an airlift for their survival.

"Food stocks ran out 10 days ago, medicines and supplementary foods are virtually non-existent," Mr Mitchell said yesterday. "Reports from the city tell of sharp increases of malnutrition and related diseases."

Africa Watch called yesterday for the SPLA to withdraw its threat to relief flights immediately.

Noting that a year has passed since the SPLA split into two factions after allegations of human rights abuses against Dr John Garang, the putative leader of the SPLA, Africa Watch said human rights violations within the movement "continue unabated".

The organisation called on Dr Garang to release all detainees and demanded that up to 3,000 child refugees – who are believed to have been forced by the SPLA to return to Sudan from Kenya, to fight as child soldiers on the Juba front – be returned to the protection of the United Nations High Commission for Refugees (UNHCR).

It also strongly criticised the UNHCR for allowing the children to be abducted from their protection.

Last night, Mr Lam Akol, a leader of the break-away faction of the SPLA, confirmed that Commander Mr Silva Kiir, Dr Garang's chief of security, had forced the children to return to Narus in southern Sudan so that they could fight on the Juba front.

REPUBLICAN PARTY CONVENTION IN HOUSTON

Discordant tones over family values

NORMALLY, a highlight of any US political convention is the roll-call of the states voting on the nominations for president and vice-president. It is a process which gives the unsung party worker a minute in the televised sun, as he or she proclaims something along the lines of: "The great state of Calicutt, the world's leading producer of triangular melons, proudly casts all its 2¾ votes. . ."

Not so on Wednesday night. The roll-call came late because the Republican party wanted television prime time to play what it thinks is one of its strongest tunes this year, the family values melody.

The religious overture was by a television evangelist, the Rev Pat Robertson, than whom few are more conservative; the intermezzo by Mrs Marilyn Quayle, than whom few are more certain in conviction; and the rousing crescendo by Mrs Barbara Bush, than whom few rate higher in the nation's admiration. The coda was the appearance on the podium of her 22 children and grandchildren and, finally, her husband, the president.

This parade of family wholesomeness was intended to contrast with Clinton and Clinton, as erstwhile Republican challenger Mr Pat Buchanan maliciously called the Democratic candidate and his lawyer wife. Far from being just another "baby boomer" family, they were promoting, as Mr Robertson saw it, "a radical plan to destroy the traditional family and transfer its function to the federal government". Worse yet, they rated the Spotted Owl more highly than God.

Mrs Bush, undoubted star of the evening, is far too shrewdly apolitical to engage in anything other than indirect comparisons. She extolled her husband as a great family man and recalled "the best years of our lives", after the second world war in Midland, Texas, with its round of carpools for the children, little league baseball, church, Fourth of July fireworks, carols at Christmas.

"Family," she proclaimed, "means putting your arms around each other, and being there." With a wife like this, the convention said to itself, how could anybody not reasonably vote for George Bush?

Mrs Quayle was less reticent in casting her stones at the

Jurek Martin finds the GOP making politics of wholesomeness

Clintons, without mentioning them by name. She unctuously contrasted her baby-boomer values with, by implication, those of the opposition, who also came of age in the 1960s.

"Not everyone demonstrated, dropped out, took drugs, joined in the sexual revolution, or dodged the draft," she proclaimed – the last a brave, even brazen, reference since her husband avoided military service in Vietnam by joining the National Guard reserve, as Mr Clinton sought to do.

A career, Mrs Quayle went on, was a real option for women. But "most of us love being mothers or wives, which gives our lives a richness that few men or women get from their professional accomplishments alone."

The Clintons and the Gores also made much of the strengths of their respective families last month at the Democratic convention in New York. For the Clintons, this was political necessity, since they had conceded that their marriage went through a rocky period and because Mrs Hillary Clinton is a noted advocate for the rights of children.

This has made her a particular demonic figure in the eyes of Republicans, who have dragged out, and misquoted, a 1974 legal article in which she is alleged to have equated motherhood with slavery.

The reality, as an editorial in USA Today pointed out yesterday, is that the US family is not what it was. Nearly three out of five mothers of pre-school children are now in the workforce; less than a third of all families are now "traditional" – married couples with husband working and wife at home. "Evoking a lost era and inflaming hatreds do not help real families," the newspaper, not noted for liberalism, declared. It advised both candidates "to start pushing for the policies that can do children and families some good".

Mrs Bush acknowledged this reality in her speech when she addressed parents who have sacrificed for their children: "You may be exhausted from working a job, or two jobs, and taking care of your children, or you may have put your career on hold. Either way, you may wonder, as I did every now and then, am I really doing the right thing? Yes, you are."

Mrs Bush is so popular that she can get away with invoking the past and acknowledging present realities. She constitutes a vote-winning appeal that, for the night at least, put into shadow those less tolerant Republican elements, notably the religious right, whose preference is indeed to roll back the clock and whose broader appeal must be suspect. The representatives of the mythical state of Calicutt could not object to playing second fiddle.

Mrs Marilyn Quayle, wife of the US vice-president: "Not everyone demonstrated, dropped out, took drugs, joined in the sexual revolution, or dodged the draft"

Breakthrough in Canadian unity negotiations

By Bernard Simon in Toronto and Robert Gibbens in Montreal

CANADA'S political leaders have made a breakthrough in national unity talks by agreeing on far-reaching changes in the composition of the two houses of parliament.

The deal, which balances equal representation for all 10 provinces in a reformed Senate with a guaranteed percentage of seats for Quebec in an enlarged House of Commons, has brightened the mood at the constitutional conference in Ottawa, now in its fourth day.

Participants have cautioned, however, that several emotive issues remain in negotiations between Mr Brian Mulroney, the prime minister, leaders of the 10 provinces and two Arctic territories, and aboriginal groups. These include the definition and enforcement of aboriginal self-government, Quebec's demand for wider powers over some matters now under federal jurisdiction, and Mr Mulroney's insistence on a stronger mechanism to force provinces to lower non-tariff trade barriers.

The talks are likely to conclude, in success or failure, by the end of next week. Mr Robert Bourassa, Quebec's premier, must formulate a question in early September for the national unity referendum which the province is to hold in October.

Besides, Canadians of all political persuasions are impatient to put the long constitutional wrangle behind them.

The agreement on parliamentary reform represents a characteristically Canadian compromise.

Quebec, which views itself as the guardian of one of Canada's two founding language groups, would be guaranteed 25 per cent of the Commons seats, roughly equal to its share of Canada's population.

Western and Atlantic provinces would have the same number of seats in the revamped Senate as Quebec and Ontario, the most powerful and populous province. The Senate would have limited veto powers, but its influence would be enhanced by converting the present appointed chamber to one largely elected.

Hard-line Quebec nationalists quickly denounced the agreement as a sell-out by Mr Bourassa. But the province's two biggest newspapers indicated both drawbacks and advantages.

● Canada's inflation rate accelerated slightly to 1.3 per cent in the year to July, from a 30-year low of 1.1 per cent in June, Statistics Canada said yesterday.

The low inflation rate, with progress at the constitutional talks, has spurred forecasts that Canadian banks will soon lower their prime lending rate from 6.5 per cent.

The mathematics of a Brazilian impeachment

By Bill Hinchberger in São Paulo

MOVES to impeach President Fernando Collor of Brazil, which are expected to gather pace next week with the publication of the results of an investigation into government corruption, will take the country's politics into a legal and constitutional minefield.

Impeachment is a maze of parliamentary and legal procedures, involving both chambers of Congress, the national prosecutor's office and the supreme court.

During the final stages of the impeachment process, the president would be suspended from office for 180 days while the Chamber of Deputies analyses, debates and votes on the charges.

A two-thirds majority of the 503-member lower house would be enough to send to the supreme court a recommendation for conviction. The court would make the final determination on removal from office.

The main cause for confusion is that the relevant part of the 1988 constitution has not yet been ratified, leading some lawyers to argue that the process should be governed by a 1950 law. Mr Collor is expected to use this uncertainty to make a series of legal challenges.

The congressional investigating commission has put back publication of the report from tomorrow to Monday. This was because commission members needed extra time to review the sums of money alleged to have originated from Mr Paulo Cesar Farias, Mr Collor's election campaign treasurer and main subject of the inquiry, and which were deposited in the bank account of the president's personal secretary.

That money, apparently overestimated in a first tally, is alleged to have beeen used to pay the president's personal expenses.

The committee meeting to approve the report formally is still scheduled for Wednesday.

It is still uncertain whether the report will mention Mr Collor by name and, if it does, whether he will be accused of any crimes. The president's legal team sent briefs to members of Congress arguing that he could not be incriminated by the document. Lawyers with the commission have publicly stated that the inquiry has uncovered enough evidence for five counts of presidential corruption.

The opposition hopes to avoid a long procedural battle by creating a political environment to force the president to resign. After the report's release, opposition parties plan to lend their resources to pro-impeachment demonstrations.

Mr Collor's political support continues to waver. On Monday, Governor Leonel Brizola of Rio de Janeiro state is expected to break with the president. The decision was reached on Wednesday when Mr Brizola met in Brasilia Congress members from his Democratic Labour party.

Pro-impeachment forces estimate that they are 20-30 votes shy of the two-thirds necessary to oust Mr Collor. A running poll by the opposition newspaper Folha de São Paulo shows 212 on record as favouring impeachment and 33 opposed, with the rest undecided or yet to respond.

A detailed debt restructuring agreement between Brazil and its leading commercial bank creditors should be completed within the next two weeks, a senior US banker said yesterday, writes Stephen Fidler, Latin America Editor.

Mr William Rhodes, vice-chairman of Citicorp, which heads the creditor bank advisory committee, made the statement after speaking to Mr Marcílio Marques Moreira, Brazilian economy minister.

He "assured me of his intention to implement his economic reform programme," said Mr Rhodes. An agreement in principle was reached on July 9 to cover \$44bn (£22.9bn) of medium- and long-term commercial bank debt.

Aids forces party to confront its contradictions

By Matthew Kaminski in Houston

A SIGN frequently seen at the Republican convention in Houston reads: "Family rights forever, gay rights never." Mr Patrick Buchanan, the erstwhile presidential challenger who once said Aids was God's punishment against gays, gave full vent to that feeling on Monday when he attacked the Democratic party for its links with "militant" homosexuals.

Mr Pat Robertson, the television evangelist, drove the point home with warnings that Governor Bill Clinton, the Democratic presidential nominee, was seeking to give preferential treatment to homosexuals by giving them cabinet posts, teaching positions and opening up the military.

The Democrats openly endorsed gay rights and had two HIV-positive speakers, one gay, at their New York convention. In contrast the Republican platform implicitly ties the spread of Aids to what it sees as base and immoral conduct.

"Prevention is linked ultimately to personal responsibility and moral behaviour," the party platform reads. "We reject the notion that the distribution of clean needles and condoms are the solution to stopping the spread of Aids." Instead it suggests "marital fidelity, abstinence and a drug-free lifestyle".

Yet behind the moral certainties, the Republicans seem altogether uncomfortable with the social issues associated with Aids.

Ironically at this convention, with a central theme of "traditional family values," perhaps the most touching moment came on Wednesday night when an Aids victim spoke to delegates.

Ms Mary Fisher, the daughter of a Detroit real estate investor and prominent party backer, said she was a white, wealthy, heterosexual who had contracted the disease through marriage. But she pointedly added: "I am one with the lonely gay man sheltering a flickering candle from the cold wind of his family's rejection."

The Aids virus was not a political creature, she added, pleading for tolerance. Ms Fisher tried to tie her message to the party's overt theme: "We do the president's cause no good if we praise the American family but ignore a virus that destroys it."

Indeed, the Republicans, like the Democrats, support considerable funding for research, prevention and treatment of Aids. The Republican platform explicitly endorses "a massive commitment of resources" for research to stem the tide of the disease and proudly notes that the Bush administration has spent \$4.2bn (£2.19bn) in the past four years.

The Republicans have embarked on a strategy of using gay rights and Aids as a stick to beat the opposition, much as it used the issues of crime and communism in the 1980s. Yet during Ms Fisher's speech, many delegates – perhaps even some of the same delegates who cheered Mr Buchanan and Mr Robertson – burst into tears.

Can-do Texas finds it much harder to do so

Bush will find little there for comfort, writes Michael Prowse

IF President George Bush was hoping for a shot of adrenalin from his adopted home town this week, he must have left disappointed.

Houston is by no means as depressed as parts of New England or southern California, but it shares with the nation a sense of diminished economic expectations. As Republican speakers in the Astrodome tried to drum up enthusiasm for a second Bush term, the business mood outside seemed as flat as stale beer. The legendary Texan "can do" spirit that Mr Bush doubtless recalls from his own days in oil exploration is greatly subdued.

"Everybody is sitting anxiously waiting for the national economy to pick up," says Mr Bob Greer, chairman of Tanglewood Bank, a small local bank that has prospered despite the state's financial crash of the mid-1980s.

The outlook is for "continued tough times", says Mr Bill Gilmer, a senior economist at the Houston branch of the Federal Reserve Bank of Dallas. "The mood is very cautious and concerned."

Local businessmen are disappointed that Mr Bush has done little to help either the energy industry or real estate – two sectors which nearly sank the region's economy during the 1980s. "Mr Bush must address economic problems in Texas if he is to carry the state in November," says Mr Ray Perryman, a Texas economic consultant.

Like much of the nation, Houston saw fitful signs of recovery earlier this year. Retail sales rose 6 per cent in the first five months against the same period last year. Car and truck sales also rose modestly. But the momentum of recovery seems to be ebbing and few analysts expect any dynamism in coming months. Announcements of big layoffs at local oil companies have shaken consumer confidence.

For a while, Houston hoped it might escape the national recession that began in July 1990. The region continued to create jobs until July last year, rekindling the myth that the Texas Gulf coast is immune to national trends. That myth arose because many US downturns have been accompanied by higher oil prices that worked, locally, to offset the drag from national recessions.

After Iraq's invasion of Kuwait, oil prices soared to \$35 a barrel, giving Houston a lift despite the diversification away from energy during the 1980s. But oil prices swiftly retreated, leaving the local economy exposed both to adverse national trends and yet another shakeout in the energy sector. Job growth has turned negative in the past year and the unemployment rate, at 7.9 per cent in June, is a shade above the national rate.

The number of US drilling rigs fell below 600 in July, a 52-year low. This compares with about 4,500 during the boom of the early 1980s. The depression in domestic drilling reflects unexpectedly weak natural gas prices, the removal of tax subsidies in 1986 (which makes Texas much less fiscally privileged than Britain's North Sea) and a shift of exploration effort overseas, partly as a result of tougher US environmental controls.

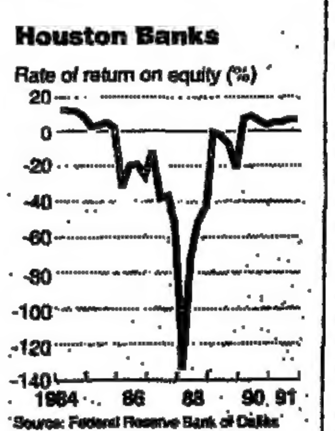
Mr Gilmer says the banking industry has stabilised after a "central bankers' nightmare" in the late 1980s when nine out of 10 big Texan banks failed as a result of sour energy and real estate loans. Bank profitability is steadily improving but, ominously, cautious bankers are still reluctant to lend. Indeed, as of the first quarter, the total of outstanding loans in the south-west was continuing to shrink.

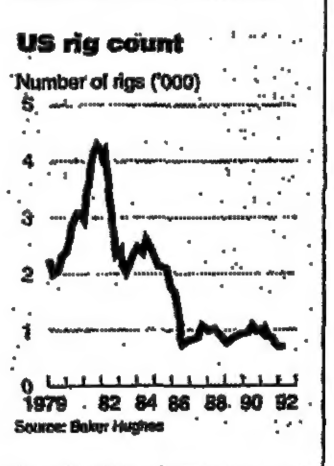
Small businesses – the fount of job creation according to Republicans at the convention – are having particular difficulty obtaining loans, partly because of tighter federal regulatory standards. If you have lost money in the past it is almost impossible to get a loan, says Mr Greer. The chairman of the board of the Houston branch of the Fed, who ran a business renting machinery, was among those recently bankrupted when his bank refused to renew a loan.

In the longer term, there are grounds for cautious optimism. Mr Skip Kasdorf, head of research at the Greater Houston Partnership (an expanded chamber of commerce) points out that 40 per cent of Houston's economic base is now independent of energy compared with 16 per cent a decade ago. This means Houston should never again experience a recession as severe as that of the mid-1980s when 13 per cent of local jobs disappeared.

Unable to compete with financial and distribution centres such as Atlanta and Dallas, Houston plans to carve a niche in engineering and applied technology. The federally funded Johnson Space Centre (which operates the Space Shuttle) is a magnet for high-tech companies.

And although Mr Bush is criticised locally for failing to help the oil sector, he came to Houston bearing one gift: the just concluded North American Free Trade Agreement. With 40 per cent of goods sold to Mexico produced in Texas (and 70 per cent transported through the state), the pact offers a promise of better times ahead.





Amnesty criticises US over Haitian refugees

AMNESTY International yesterday accused the US of flouting international law by its policy of sending home Haitian refugees without attempting to identify those at risk from human rights violations, writes Stephen Fidler, Latin America Editor.

It said it was deeply disturbed by the policy, now being challenged before the US Supreme Court. "International standards insist that no one at risk of human rights violations should be returned without a full examination of their case."

The US administration maintains that those fleeing Haiti are leaving for economic, rather than political, reasons and so are not entitled to asylum. The human rights organisation disputes this, saying tens of thousands of Haitians have been forced into hiding by military repression.

It said other countries, such as France and Switzerland, had made it difficult for Haitians to request asylum.

Amnesty added that, since an army coup last September, Haitians had been suffering repression reminiscent of the Duvalier dictatorships. It had received hundreds of reports of torture, including claims of detainees being beaten to death.

Hubert Ingraham salutes supporters after his electoral triumph

Bahamas lawyer unseats Pindling

By Canute James in Kingston

MR Hubert Ingraham, a 45-year-old lawyer, is to be sworn in as prime minister of the Bahamas following victory, in a general election on Wednesday, over Sir Lynden Pindling, the archipelago's premier for the past 25 years.

Provisional results give Mr Ingraham's Free National Movement at least 31 of the 49 seats contested, with the remainder going to Sir Lynden's Progressive Liberal party.

Mr Ingraham had focused his campaign on attacking Sir Lynden's handling of the economy, which is based on tourism and offshore financial services. He promised to sell off state-owned enterprises, including several hotels.

The prime minister-elect was a senior member of Sir Lynden's party until his dismissal in 1984. Mr Ingraham claimed he was fired because he had advocated the sacking of officials who were publicly linked to narcotics trafficking.

Mr Ingraham will be faced with a need to restore local and foreign confidence in the economy. He has promised to turn initially to problems in the tourism sector, which has suffered from the international recession.

He pledged to "heal" the nation, encouraging blacks and whites to participate in the economy. "You removed from office the longest-serving elected leader in the Commonwealth, perhaps anywhere, and you have done it peacefully through the electoral process. And for that I congratulate the Bahamas," Mr Ingraham told supporters.

Sir Lynden, 62, was one of the longest-serving prime ministers in the Commonwealth, and has been a colourful and controversial figure.

Advocating increased economic opportunities in the Bahamas for black people, who make up 85 per cent of the population, Sir Lynden has always argued that he was seeking economic justice for all Bahamians.

However, his administration had been accused of being corrupt. In 1983, there were allegations in the US that senior officials of the Bahamian government, including Sir Lynden, were involved in drug smuggling. He axed several officials and denied that he was involved.

The charges appeared to have had little effect on his popularity, as the PLP won elections in 1987.

New structure expected to manage NHS

By John Willman, Public Policy Editor

A NEW management structure in the state-run National Health Service (NHS) is likely following the announcement yesterday of a new wave of self-governing trusts.

The health department confirmed that 151 hospitals and other NHS units in England and Wales have applied to join the third wave of self-governing trusts to be created next April.

Self-governing trusts allow hospitals to control their own finances. In the past most health budgets have been controlled by local health authorities.

Dr Brian Mawhinney, the health minister, has written to all the remaining non-trust hospitals and health units inviting them to join a fourth wave of trusts in 1994.

Since the launch of the NHS reforms in 1991, 156 trusts have been created in two waves. With most of the third-wave applications likely to be accepted, the number of trusts in the NHS will virtually double by next April.

More than 70 per cent of the hospital and community health service budget will then be spent by self-governing trusts. Since trusts are managed directly by the NHS management executive, this would greatly increase the strain on the executive's six regional offices.

Mrs Virginia Bottomley, the health secretary, yesterday confirmed that the management executive had been reviewing the arrangements for monitoring the performance of trusts.

"The success of trusts raises the issue of how to ensure their accountability, assuming that there are, say, 450 trusts, as well as how to preserve their essential freedoms," she said. "The NHS is, after all, a national system managed locally."

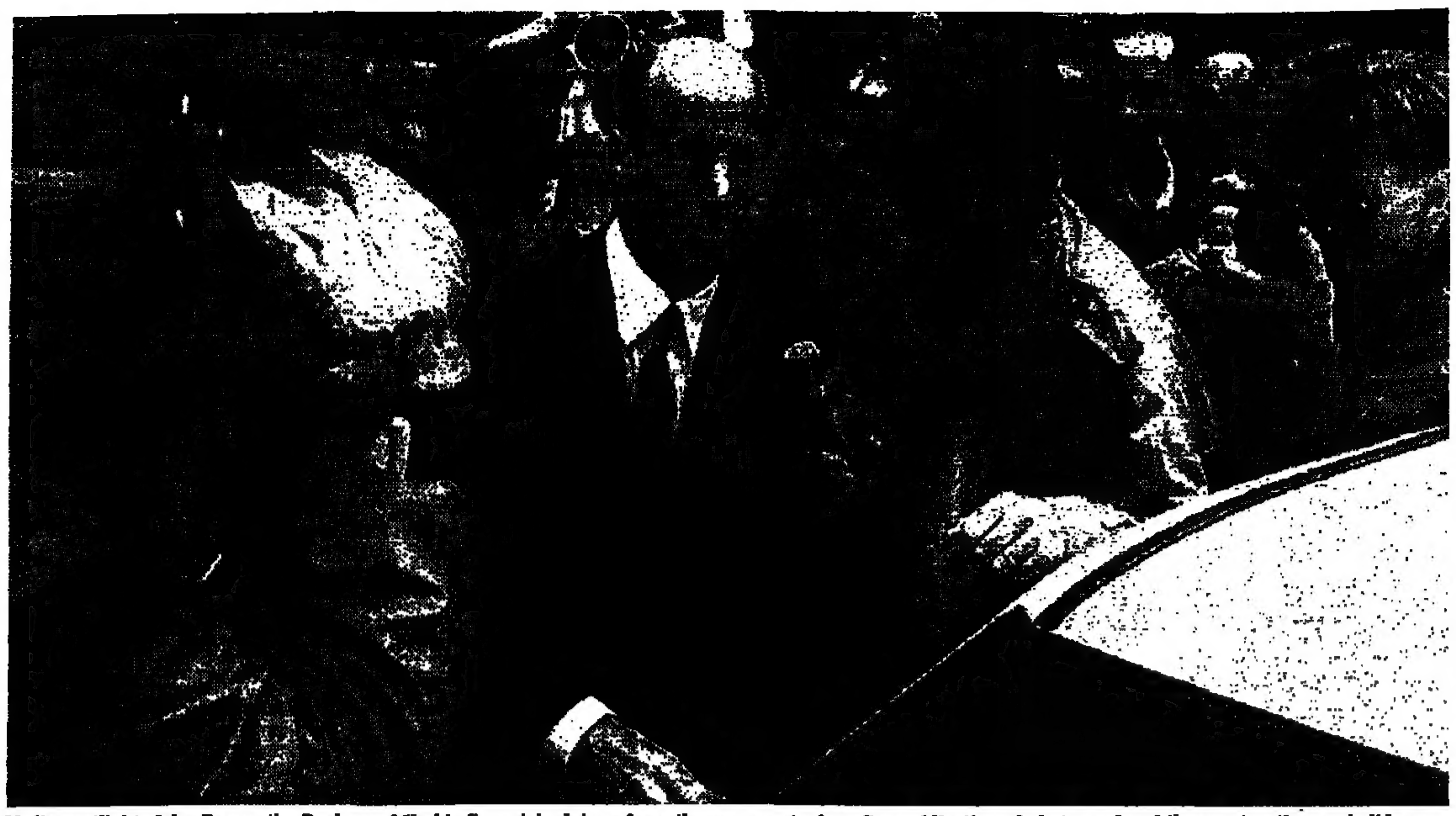
One option is to create a new management structure by merging these regional offices with the Regional Health Authorities (RHAs).

The RHAs – responsible for managing hospitals and health units which have not become trusts – will have a greatly reduced role after the third and fourth waves of trusts.

Mrs Bottomley said no decision had yet been taken. She went out of her way to reassure trusts that any reorganisation would not reimpose bureaucratic controls or interfere with management freedom.

The third wave of applications includes ambulance services, community health organisations and units for people with learning difficulties, as well as hospitals.

Among those applying for trust status are world-famous institutions such as Papworth Hospital, which pioneered heart transplants, and Addenbrooke's, the Cambridge teaching hospital.



Media spotlight: John Bryan, the Duchess of York's financial adviser, faces the press yesterday after publication of photographs of the two together on holiday

Royal pictures open debate on press freedom

BUCKINGHAM PALACE yesterday criticised photographs published in the Daily Mirror and other tabloid newspapers which showed the Duchess of York with Mr John Bryan, an American friend, by a villa poolside in the south of France.

The intimate photographs, some of which were also reproduced in The Sun and Today newspapers from the Spanish magazine Hola, were taken with a long-distance lens by an Italian *paparazzi* photographer.

In a statement understood to have the authority of the Queen and the Duke of York, Buckingham Palace said: "We strongly disapprove of the publication of photographs taken in such circumstances." The Duke and Duchess were yesterday with the Queen and other members of the Royal Family at Balmoral Castle.

The publication of the photographs has reopened the argument over privacy and press freedom. Mr Bryan, a 37-year-old bachelor who has been described as the Duchess's financial adviser, failed on Wednesday in a High Court attempt to stop their publication.

A Mirror spokesman said a further 80,000 copies were printed yesterday after nearly 3.5m copies produced overnight had sold out by 9am. "These figures show that there is enormous public interest in the subject," he said.

Lord McGregor, chairman of the Press Complaints Commission said yesterday he had yet to be approached with a formal complaint by Mr Bryan that the publication was in breach of the press code of conduct. But he told the BBC Radio 4 Today programme he would strongly resist calls for a tightening up of the law on privacy.

Mr Nicholas Winterton, chairman of the Commons media committee chairman, said the pictures appeared to be a "flagrant breach of privacy" but should not prompt calls for a legal clampdown. The only way forward was self-regulation overseen by the commission. People in public life had to recognise their behaviour was of public interest and should act accordingly, he said.

Mr Richard Stott, the Daily Mirror editor, defended his decision to publish the pictures, which appeared on seven pages of the newspaper. He said Mr Bryan had given countless interviews saying that the Duke of York and his wife only needed time to work out a reconciliation.

Editorial Comment, Page 12

Economic fears offset by growth in money supply

By Peter Marsh, Economics Staff

A RISE in the money supply last month has reduced fears that the economy may be sliding into further decline, though it provides little sign of an upturn.

M0, which mostly comprises notes and coins in circulation, increased by 2.4 per cent in the 12 months to the end of July, after year on year growth of 1.3 per cent in June and 2.5 per cent in May.

M4, a broader measure which also takes in bank and building society deposits, rose 5.7 per cent in the year to the end of last month, following year on year increases of 5.3 per cent in June and 5.2 per cent in the previous month.

The changes in the seasonally adjusted figures fit in with the picture of a flat economy.

Between June and July, M0 rose by 1.2 per cent, while M4 increased by 0.8 per cent.

Last month total M4 lending rose by £2.8bn, in line with expectations. The increase may have been partly due to extra mortgage borrowing, triggered by the reintroduction of stamp duty on house purchases.

Fitting in with this interpretation were figures from the British Bankers' Association on behalf of the nine biggest UK commercial banks.

These groups lent a seasonally adjusted £900m in July, with much of the total accounted for by mortgage borrowing.

Not allowing for seasonal fluctuations, lending for house purchases by the banks rose by £805m, out of a total increase in net lending to both people and companies of £565m.

In the industrial sector, many companies made repayments, adding up to £379m for property companies, £341m for securities dealers, £118m for construction groups and £116m for the hotels and catering sector. Lending to manufacturers, however, rose by £541m.

Mr Simon Briscoe, an economist at Greenwell Montagu, a London finance group, said: "The figures show the economy is failing to pick up, but at least it is not falling back."

The British Bankers Association said much of the upward trend in lending was due to extra borrowing on mortgages.

Among the nine banks, deposits from the UK private sector fell by £1.07bn. After adjustment for seasonal factors, the underlying movement showed a rise of £2.6bn, with most of this rise accounted for by extra deposits by companies as opposed to individuals.

Procter and Gamble seek swiftly to excel

Gary Mead examines the decision to change a successful 32-year-old brand name

THE BATTLE for dominance in the market for washing-up liquid has produced one of the subtlest though most significant brand-name shifts this year.

In the UK, Procter and Gamble has decided to abandon its market-leading Fairy Liquid brand name and call its new washing-up liquid Fairy Excel.

The name change is small – designed to retain a successful brand name which first appeared in the shops 32 years ago – but lot is at stake.

Procter and Gamble was the biggest-spending television advertiser in Europe last year. The trade periodical Euromarketing says P&G spent $486m promoting 11 large brands in the European Community's six biggest markets.

In the UK alone, P&G spent an estimated £70.5m on advertising in 1991 – £10m of it on Fairy Liquid, which had UK sales of £81m.

The Fairy Liquid brand is sold in 10 countries, from Finland to Saudi Arabia – Fairy Excel has already been launched in Germany. P&G, one of the most secretive of multinationals, has achieved with Fairy Liquid a dominating 42 per cent share of the UK market.

Two years ago P&G's arch-rival, Lever Brothers, piggy-backed on Persil, its successful washing powder brand, launching a new washing-up detergent, Persil Liquid. Lever spent an estimated £4m on television advertising for the new brand in its first five months from launch, in August 1990.

But Persil Liquid has taken no more than an 18 per cent market share, according to marketing industry estimates. Moreover, while P&G is spending some 16p on advertising for every £1 in sales, Lever Brothers is spending at almost twice that rate.

So if Fairy Liquid remains the first-choice brand for those who do not have a dishwasher, why fiddle, albeit mildly, with a powerful brand name?

P&G makes a point of not disclosing any information it regards as commercially sensitive. "Anything enquiring into our marketing and research we regard as confidential information and we are not prepared to disclose reasons why," was the official comment yesterday .

But part of the reason for the new brand name lies in P&G's marketing philosophy – that it must never even *be seen* to be challenged. An important factor may have been decisions by the Independent Television Association's copy clearance executives, who monitor the content and claims of every television advertisement to screen out claims which are *demonstrably false*.

When Lever Brothers launched Persil Liquid, the committee examined its claims of product superiority and allowed its advertising campaign to go forward.

Mr Alan Mitchell, editor of Marketing magazine says: "Procter's bible is keeping a definable and demonstrable performance gap of consumer benefits – we give a better product to the consumer and shout about it."

The response from P&G was swift. Within two weeks of the launch of Persil Liquid, P&G staged a massive price promotion in all retail outlets, giving a two-for-the-price-of-one offer on Fairy Liquid. P&G also speeded technological improvements to its detergent.

Initially, P&G brought out a new formula Fairy and the Independent Television clearance committee carefully assessed its claims for the new formula, and again allowed the claims to be made.

Mr Mitchell says: "The committee finally said, it's a nil-all draw, neither are superior. The entire *raison d'etre* of the P&G marketing bible had been swept away." P&G had to make a comeback by using its other strength – product innovation.

According to Mr Mitchell, P&G has scored a marketing hit with its new brand name. "It's very clever. They have changed the name, which focuses on the fact they have a new product, going back to their core thing, of a demonstrably better product." At the same time the look of the branding will still be dominated by the comfortably familiar word Fairy.

P&G will not say how much it has invested in R&D of the new liquid. But the cost of the battle to defend brand leadership is heavy; P&G has probably spent about £15m in the last two years on all forms of marketing.

Manufacturers boost spending

By Peter Marsh

MANUFACTURERS increased investment on plant, machinery and buildings by 3 per cent in the second quarter of this year compared with the first three months, the Central Statistical Office said yesterday.

This would be the first quarterly rise since the first quarter of 1990, prior to the start of the recession, and underline the modest increase in confidence reported by many businesses earlier this year. Although the numbers hint at the possibility of an economic upturn later this year, the City was sceptical, arguing that these particular CSO figures are erratic and subject to revision.

The CSO figures show investment totalled £2.48bn at 1985 prices in the first quarter, after £2.4bn in the first quarter. The figures for the second quarter remain 3 per cent down on the corresponding period last year.

Separately, the CSO said manufacturers, wholesalers and retailers cut stocks of raw materials, finished goods and components by £1.09bn in the second quarter, after a cut of £385m in the previous quarter. The data indicates that many businesses accelerated the rate at which they reduced stocks during the first half, possibly because of a deterioration in optimism about the economy.

However, interpretation is made difficult by the notorious inaccuracy of stocks figures. According to the CSO, the greatest amount of stock cutbacks involved wholesalers, which reduced the value of these items by £492m, after a cut of £105m in the first three months.

British retailers' stocks fell by £415m, after an increase of £416m in the first quarter of this year.

CONTRACTS AND TENDERS

TENDER ANNOUNCEMENT FROM

REPUBLIC OF TURKEY

MINISTRY OF TRANSPORT AND COMMUNICATIONS

Republic of Turkey, Ministry of Transport and Communications, Central Directorate of Railways, Harbours and Airports Construction announces that:

1. Consulting, Engineering and Supervision services as well as

2. The construction of High Speed Railway and Rapid Train System

will be separately tendered for Ankara-Istanbul High Speed Railway extending to a new Istanbul Bosphorus Crossing with CREDIT, the conditions of which will be subject to the approval of the Republic of Turkey, Undersecretariat of Treasury and Foreign Trade.

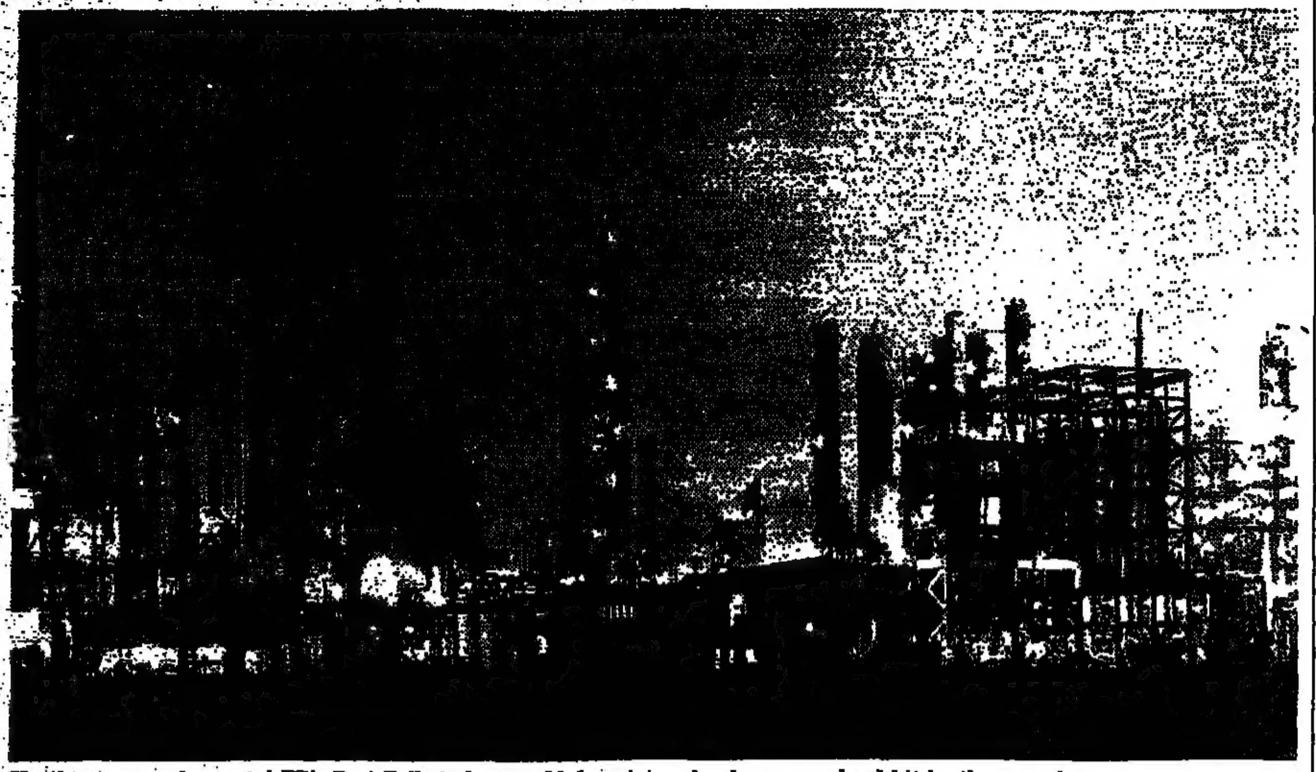
The subject of the tender comprises (a) the Consulting, Engineering and Supervision Services and (b) the Construction of the electrified, signalized, high standard double track railway with rapid train system running over the axis Ankara-Sincan-Çayirhan-Arifiye and Istanbul Bosphorus Crossing which reaches an approximate length of 430 km.

The applications for the Consulting, Engineering and Supervision will cover the whole project, whereas the applications for Railway Construction and Rapid Train System could optionally be based either on the whole or on parts of the project.

Since the companies will be prequalified depending on their international experiences, they are expected, individually or in form of joint ventures/consortia, to forward necessary documents (in Turkish and English) showing their experience on similar works, reference lists, credit proposals approved by the related bank or institution and apply for the prequalification not later than 15.9.1992, Tuesday 17.00 o'clock to the Ministry of Transport and Communications, General Directorate of Railways, Harbours and Airports Construction, 91. Sokak Emek-ANKARA.

Closure threat at Welsh BP plant

By Paul Abrahams and Bethan Hutton



Plastic surgery: changes at BP's Port Talbot plant could devastate a local economy hard hit by the recession

BRITISH Petroleum Chemicals, the subsidiary of the troubled oil group, has identified its Baglan Bay petrochemicals complex in south Wales as its most vulnerable site, fuelling speculation that it may close plants there.

Internal BP documents argue the European petrochemicals industry is suffering from chronic overcapacity. It says the sector must "adopt rapid decisive measures or face slow death".

Mr Bryan Sanderson, chief executive of BP Chemicals, has admitted: "If there is an industry rationalisation, Baglan Bay is clearly our marginal site."

The plant, near Port Talbot, is the second largest employer in the region and provides work for 906 employees and between 500 and 1,000 contractors. In May the company derecognised the unions at Baglan Bay.

An option identified by BP is to close a 120,000 tonne a year ethylene unit at the site. The unit supplies BP's 120,000-tonne-a-year low density polyethylene plant at Antwerp which the group announced this week is being sold to Neste Chemicals, the acquisitive state-owned Finnish company.

BP has signed a contract to continue to supply the Antwerp plant with ethylene, but has not given details of its duration or size.

If BP closes a second 210,000 tonne a year ethylene unit at Baglan Bay site, the future of the derivative plants there would be jeopardised.

The ethylene trains supply a 270,000 tonne a year styrene plant which in May was incorporated in a joint venture with Enichem of Italy.

Other derivative plants manufacture vinyl acetate, ethanol and isopropyl alcohol. The site also contains a 50kw electricity generator.

Mr Jeff Morgan, branch secretary of the TGWU, said: "What we fear is that BP has safeguarded the styrenes part of the site through the merger [with Enichem]. The power station is also viable. But it is very difficult to say whether the ethylene business and alcohols can sustain themselves."

BP has additional ethylene capacity coming on stream later this year at a 330,000-tonne-a-year ethylene plant at Grangemouth in Scotland. The new plant will use low-cost North Sea gas as raw material rather than less cost-effective oil which is used by the Baglan Bay trains.

The company has said it would concentrate ethylene derivative production where it could use cheap gas rather than oil feedstocks. The company says it has already placed most of additional production from Grangemouth.

The impact of cuts or closure would be felt most strongly in Port Talbot itself, but the knock-on effects would spread throughout the local economy, affecting the whole Swansea Bay area.

Other companies have also made cutbacks. British Steel, for example, has shed almost 8,000 jobs at Port Talbot since it launched a restructuring and investment programme at the works in 1980. About 4,000 staff are left.

It is only recently that unemployment in Port Talbot has fallen to near the national average, after a decade of being well above it. Closure of all or part of the BP plant would be a big setback to the process of rebuilding the local economy.

New safety regulations planned for oil industry

By David Lascelles, Resources Editor

NEW safety regulations for the offshore oil industry are to be drawn up by the Health and Safety Commission (HSC) as the third stage in implementing recommendations of the Cullen report.

Lord Cullen inquired into the 1988 Piper Alpha disaster in the North Sea in which 167 men died.

The HSC said yesterday that the new regulations would be expressed where possible in terms of safety objectives rather than specifying particular precautions. This was in line with Lord Cullen's recommendation that offshore safety regulation be cast in a less prescriptive style.

The reforms will incorporate new safety regulations needed to implement European Community health and safety directives as well as new UK onshore regulations.

They will also include Lord Cullen's recommendations on measures such as evacuation and rescue.

The HSC hopes to have all the regulations in force in just over two years.

In the first two steps following up the Cullen report, responsibility for safety offshore was transferred to the HSC by legislation earlier this year, and regulations were drawn up requiring North Sea operators to make safety cases for their equipment.

CREDIT CARDS

UK lenders face investigation on pricing policies

By David Barchard

BANKS AND building societies are bracing themselves for a fresh investigation by the Office of Fair Trading (OFT) into the pricing of their credit and debit card services.

The OFT has written to them asking them to supply detailed technical information about the way they run their credit card pricing systems.

The banks have until the end of next week to return the information, but several say that the OFT's request – which follows a series of submissions from large food retailers – is so detailed that the deadline cannot met.

The investigation is the latest in a series by the Office of Frair Trading into credit card pricing in the last 14 years. The OFT has twice referred the problem to the Monopolies and Mergers Commission, the government's monopolies watchdog, for a full-scale inquiry, the last of which reported three years ago.

Neither investigation resulted in radical changes in the industry.

The latest investigation is the most disturbing for the banks since the retailers have succeeded in focusing the OFT's attention on the two key elements in the credit card business: "merchant acquiring" – the handling of retailer card transactions – and the interchange fee, the fixed charge paid by a retailer's bank to the card holder's bank each time the card is used.

The changes which retailers are pressing for would, if permitted, produce a transformation of the credit card industry in the UK.

Five large food supermarkets have pressed the OFT to allow them to take over from the banks and handle their own transactions.

At present the regulations of Visa International and MasterCard International prevent the retailers from doing this by barring all non-bank organisations from membership.

The retailers' moves follow increases last January in the commissions they pay to banks, after banks raised the average commission per transaction from 1.6 per cent to 1.8 per cent.

The OFT letter, signed by Mr Andre Hook of the competition policy division, says the retailers believe that the increase in charges follow a rise in the interchange fee.

Retailers have also complained to the European Commission in Brussels about interchange fees, which they believe impose an inflexible payment structure on the credit card industry and subsidises the cost of providing consumers with cards.

Britain in brief

UK argues EC case on pensions

The government is trying to contrast favourably the treatment of British pensioners with their Continental counterparts as it embarks on further consultations over its plans to equalise retirement ages for men and women.

The government's message is that British pensioners fare well by European standards when comparing all services provided and not just the cash value of pensions. Miss Ann Widdecombe, junior social security minister, said yesterday: "European comparisons simply based on cash value take us nowhere."

Report urges motor recycling

The motor industry has been urged to set up "disassembly lines" to solve the growing problem of Europe's latest unwanted "mountain" – scrap cars.

A report by Coopers and Lybrand automotive specialists said more than 13m cars were scrapped in Europe every year causing increasing environmental problems.

It said almost all metallic content in cars was recyclable but a residue of glass, plastics and rubber, including tyres, was buried in landfill sites.

"Motor manufacturers and component suppliers should rapidly phase out the use of materials and production processes which hinder rather than help the effective dismantling recycling and disposal of vehicles," it said.

CBI launches family forum

The Confederation of British Industry is launching a Family Business Forum in September which will meet regularly to discuss issues of importance to family businesses, including planning for succession, taxation and the distribution of shareholdings within the family.

The CBI calculates that family-owned businesses account for three out of four of UK companies. Mr Richard Brucciani, chairman of the CBI's smaller firms' council, said may family businesses were smaller than they needed to be "often because the range of obstacles lead them to lower their horizons".

Universities promise places

Universities have promised to honour all their conditional offers for places for this September despite the better than expected A-level grades awarded earlier this week to pupils in schools in England, Wales and Northern Ireland.

Given a record overall pass rate and a 2.1 per cent increase in the proportion of candidates gaining grades A to C – the grades generaly needed to gain admission to university – many institutions may have to make an unexpected increase in their intake.

Prospects for school-leavers who narrowly fail to secure the grades in their conditional offer are accordingly bleak.

"Everyone who has been promised a place will get one", said the Committee of Vice-Chancellors. "It may be that some departments will have to admit extra students over and above what they had planned."

Criticism of committees

Several key government select committees have failed to examine the expenditure policy documents and annual reports issued by government departments, according to a study sponsored by the Chartered Association of Certified Accountants.

The Trade and Industry and Scottish affairs select committees have never considered the reports on expenditure plans issued by their departments, while the Employment and Welsh Affairs committees have only done so once each.

Their neglect is in spite of the fact that departmental reports and their predecessor – the public expenditure white papers – contain vital financial and policy information not available elsewhere.

Welsh pits face closure

British Coal is to bring forward closure of two pits in south Wales, employing nearly 500 miners, leaving just one colliery in the area.

Miners and union officials at Betws colliery near Ammanford, Dyfed, and Taff Merthyr pit at Trelewis, Mid Glamorgan, have been told their jobs will go in the next few months. Plans to develop coalfaces have been cancelled for commercial and geological reasons.

Taff Merthyr, employing 370 men, had been expected to remain open until after next spring, but has been affected by severe underground problems.

NHS jobs axed

Some 98 jobs, including 30 nursing posts, in the state-run National Health Service are to be axed at Cardiff's Royal Infirmary, Wales's busiest accident and emergency unit hospital, as part of a cost-cutting and restructuring programme.

Advice on bus sell-off

The Department of Transport has appointed Price Waterhouse, the accountancy firm, to advise on the privatisation of London Buses.

A "New European" who knows Turkey inside out:

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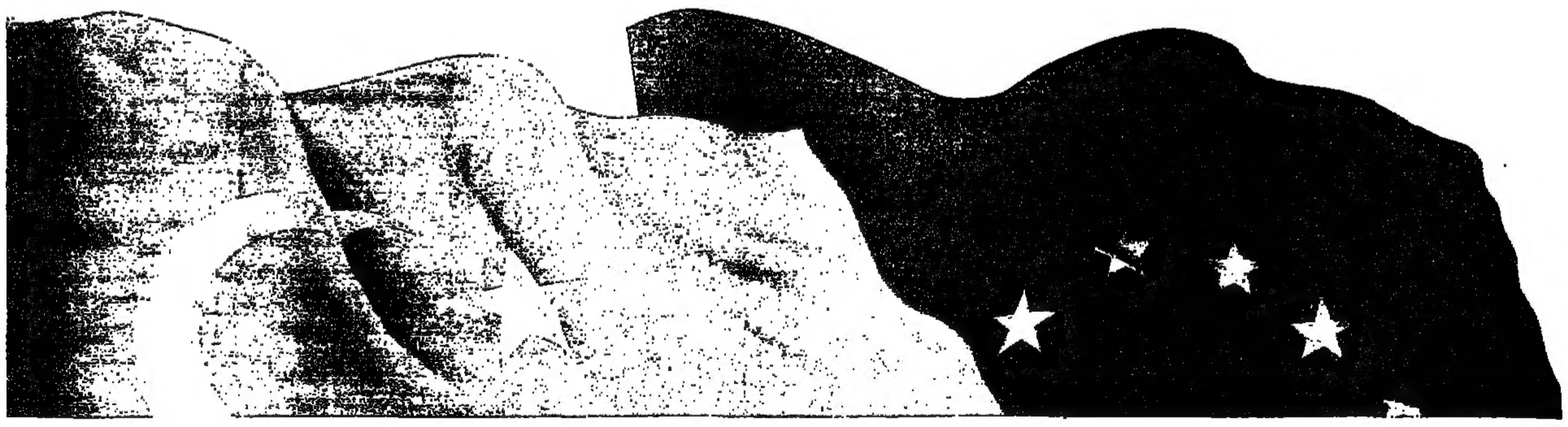

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Commercial tenancy agreements differ widely between countries within Europe

Winners in the leasing game

By Angus McIntosh

Are certain clauses in the English commercial occupational lease "iniquitous", as Samuel Brittan described them (Economic Viewpoint, July 30)? In the Single European Market which comes into effect at the end of 1992, there will be many anomalies between European countries, especially as far as commercial office leases are concerned.

For both occupiers and investors, these anomalies need to be understood. But of greater significance is the question of who benefits from these differences: the tenant or the owner?

Lease terms vary across Europe enormously. The standard lease in Belgium, for instance, is a nine-year lease with both the tenant and the building owner having the option to terminate the lease every three years. In each year the lease rent can be increased by a factor linked to the consumer price index. This means that an increase can happen at a time when open market rents for new lettings are actually falling.

In France a similar arrangement exists, although the rent is indexed upwards according to the cost of construction index rather than the consumer price index.

Germany and the Netherlands have a similar arrangement except that the leases are normally for five or 10 years; once again there is the provision for indexation.

In Italy a standard lease is for six years, also with indexation, but to only 75 per cent of a government inflation index. In Spain leases are for three or five years, also with indexation.

The UK has the most unusual lease structure in Europe. The 25-year lease is not only the longest lease term commonly granted, but there are normally no indexation provisions. Instead, every five years, the lease is revalued upwards to the current "open market value" of the building concerned.

The advantage for the occupier is that rent is only reviewed upwards, if the market value increases. However the tenant may have the benefit of an unrealistically low rent if, during the five-year period, the rental value increases.

The measurement of office floor space as "occupied" by tenant varies enormously across Europe, depending on whether it includes the lift area, toilets, stairway and other elements of the building which cannot be strictly occupied by the tenant.

It is this measurement of floor space which is normally used to calculate a quoted rent per square metre or per square foot. Therefore, a simple comparison of quoted office rents across Europe can be very misleading.

To obtain a true international rental comparison, it is necessary to make an adjustment to quoted rental figures. For instance, the implication is that an annual rental level in Belgium quoted as BFr8,000 to BFr9,000 a square metre (about $25 a square foot) should in effect be BFr13,000 a square metre per year ($40 a square foot), using the method of calculation in the UK.

A further issue which complicates the picture relates to sharing the risk between the occupier and owner for the management and maintenance of the building. The UK is again in an unusual position in that the occupying lessee is normally responsible not only for paying rent for a "net area", but also for all the cost of management and maintenance of the building, plus insurance. This covers both the inside and outside of the buildings, including structural items.

As pension funds and life insurance companies became more involved, they were more able to dictate the terms for an 'institutional lease'

In many other parts of Europe, the tenant is not responsible for the cost of repairs to the external walls and maintenance or the structure of the building. Other costs, including agents' fees, service charges, taxes and legal costs also vary substantially.

From the occupational point of view, the quoted rent, therefore, is a first guide only to the likely cost of occupation. It is far more important for the lessee to take into consideration the total costs and legal obligations, perhaps over the first three or five years of the lease.

With all these various lease terms quoted across Europe, it is important to ask who benefits from which system.

The system of occupational leasehold tenure used in the UK of a 25-year lease was created by the institutional dominance of the property market. As the pension funds and life insurance companies became more involved in the market, particularly during the 1970s, they were able increasingly to dictate the terms for an "institutional lease".

The irony is that, in the last 20 years, the property market in the UK has been more volatile than that in other parts of Europe, such as France and Germany.

The institution-dominated market has encouraged a greater level of short-term bank lending, based on the premise that the developer would be able to sell his development on to an institutional investor on the completion of the development. The availability of short-term debt finance has exacerbated the overdevelopment of office buildings at periods of property boom. The higher levels of inflation in the UK have also encouraged this type of loan, with asset values often rising ahead of building costs, reducing the real cost of the loan or mortgage finance over time.

It could also be argued that this has encouraged poor quality office buildings, where the specification has been dictated by developers with short-term interests and by institutions not fully conversant with the needs of occupiers.

At times of property slump, tenants have been in a powerful position to influence events. But such timing has often coincided with a period in the market when very little investment in the office stock is taking place. Hence, tenants have had to make do with poorly specified buildings, although they have been able to negotiate very favourable levels of rent in some cases.

In other parts of Europe, especially France and Germany, the extremes of boom and slump noticed in the UK have not taken place. Banks have been reluctant to forward funds for office development unless all or part of a building development has been pre-let or the covenant of the company raising the debt is very substantial.

In general, the occupational leasehold tenure system in different countries simply shifts the investment risk of providing office buildings, particularly in the short to medium term, in favour of the tenant or the investor.

The system in the UK appears to put a large element of risk on the tenant, yet the systems in Belgium and France appear to put more risk on the building owner, sometimes inhibiting large-scale development. But – at a time when several British developers are in financial trouble – it is perhaps questionable whether the tenant does take on an unfair burden of risk.

The author is head of European research and consultancy at Healey & Baker.

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All properties
Year to June '92	−0.5	−13.6	−2.8	−6.1
Quarter to June '92	−0.1	−3.3	−2.2	−1.7
Month of June '92	0.0	−1.5	−1.1	−0.8

Investment Property Databank

COMPARATIVE OFFICE LEASE CONTRACTS

Country	Term (years)	Break option	Security of tenure	Review	Serv charge & taxes (%)	VAT on rent (%)
Belgium	9	3 & 6 yrs	No right to renew	Index-linked, annual	25	No
France	9	3-yearly	Right to renew	Index-linked, annual	15	18.6
Germany	5, 10	No	Right to renew for 1 or 2 terms	When index rises set amount, usually 10%	13	14
Ireland	25-35	No	Right to renew	Market rate, 5-yearly	22	–
Italy	6	No	Right to renew	Index-linked, annual	15	19
Nether's	10	5-yearly	Right to renew once	Index-linked, annual	15	18.5
Spain	3, 5	No	No right to renew	Index-linked, annual	10	12
Sweden	5	No	Indir. security of tenure	Index-linked, annual	n/a	25
UK	25	No	Security of tenure, but renewal can be refused in certain circs. No protection in Scot	Market rate, 5-yearly	20-45	17.5
US	5, 10	No	No right to renew	Linked to expenses/ formulae, annual	n/a	No

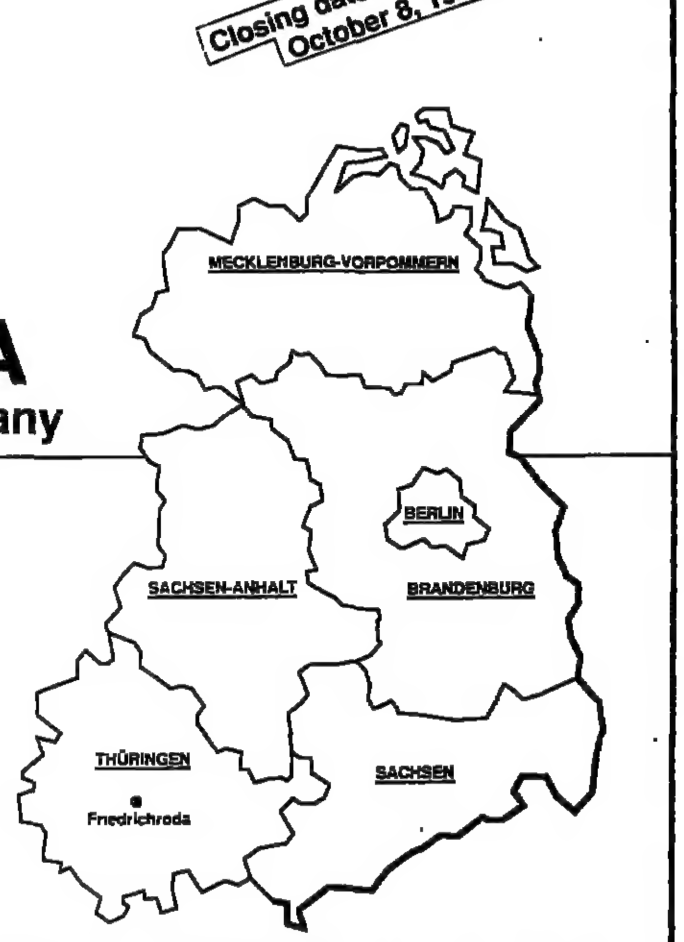
INTERNATIONAL PROPERTY

Treuhandanstalt
(The government agency privatising eastern Germany property)

Closing date: October 8, 1992

Tender for the sale of

BERGHOTEL FRIEDRICHRODA
D-5804 Friedrichroda / East Germany



The Berghotel Friedrichroda is one of the largest conference/hotel centers in the new German states, just 35 kilometers south-west of the city of Erfurt. It is located in one of Germany's richest cultural centers surrounded by the towns of Weimar, Gotha and Eisenach.

The Hotel contains 461 rooms (32 singles, 375 doubles, 54 three-bedded rooms) and 8 appartments with a total capacity of 960 beds. The rooms are furnished with colour TV, radio, shower and WC. 50% also have a balcony overlooking the wonderful Thüringer forest.

The Berghotel, which presently employs 148 people, has extensive dining and entertainment facilities including three restaurants, three additional dining rooms and three bars. Its conference facilities consist of 17 different rooms with a total capacity of 1,100 seats. Furthermore the hotel offers sport and spa facilities including an indoor swimming pool (25 x 10 m), fitness, sauna, massage and bowling.

Tender Conditions

1. In accordance with its legal mandate, the Treuhandanstalt intends to sell the aforementioned object by means of a tender. The object is sold as asset. Bids must therefore be for total assets, including building, real estate, equipment and the management GmbH.
2. Anyone is entitled to bid
3. In deciding among the bids the Treuhandanstalt will take into consideration, among other things, the bid price the business plan submitted, promises to maintain or create jobs, and pledges to invest, each of which will be considered part of the bid
4. Interested parties can obtain further information (object profile) without charge from the Central Tender Office of the Treuhandanstalt. The Treuhandanstalt is not responsible for the accuracy and completeness of this information. Prospective bidders will receive written visit authorization from the Central Tender Office on the basis of which further information will be provided by the management
5. Bids are to be submitted in a sealed envelope marked only with the name "Berghotel Friedrichroda"
6. Bids must be received at the Treuhandanstalt, Leipziger Str. 5-7, O-1080 Berlin, Germany, no later than 2 p.m. (local time), on October 8, 1992 (the "closing date"). They will be opened immediately thereafter in the presence of a notary public. Bids must be in Deutsche Mark and shall remain valid for ninety (90) days after the closing date.
7. Bids must be accompanied by a bond of five (5) percent of the bid value in the form of an irrevocable bank guarantee valid for ninety (90) days after the closing date. The bid bond will be forfeited if the bidder either fails to hold its bid open during the required period or refuses to sign a contract in accordance with its bid.
8. The Treuhandanstalt will decide on the bids within ninety (90) days after the closing date. The Treuhandanstalt is not bound to accept any bid and may accept a bid other than the highest.
9. To the extent that a previous owner has submitted a claim seeking return (in whole or in part) of the object, a sale will require either the approval of the claimant and/or a certificate of investment preference according to the respective law (InvVorG).

Office hours for the Central Tender Office of the Treuhandanstalt are Monday through Friday from 9 a.m. until 4 p.m. (local time).

For further free information (object profile, visit authorization, etc.) please contact:

Treuhandanstalt • Central Tender Office
Leipziger Str. 5-7 • D-1080 Berlin

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LEGAL NOTICES

E M SEARS & CO LIMITED
and in The Matter of The Insolvency Act 1986

This is to certify that a meeting of the Creditors of the above-named Company held on 11th August 1992, P.A. Lawrence of Booth White, 2 Nelson Street, Southend-on-Sea, Essex, SS1 1EF, and A. Peters of Touche Ross, Colmore gate, 2 Colmore Row, Birmingham having provided written statements that they are qualified to act as insolvency practitioners in relation to the above-named Company under the provisions of the Insolvency Act 1986, and that they consent so to act, were appointed joint liquidators of the Company. The joint liquidators are to act jointly. Dated the 11th August 1992.
P.T. SACK, Chairman.

Notice of appointment of Administrative Receivers
NICHOLSON & RHODES LIMITED
Registered Number: 2186213
Trade classification: 06. Name and address of joint administrative receivers: David John Stokes and Michael Joseph Moore, Cork Gully, 1 East Parade, Sheffield, S1 2ET. Office holder numbers 2682 and 5562 Date of appointment: 11 August 1992. Name of appointor: Jonathan Treissman. Signed D J Stokes Dated 14 August 1992

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BUSINESS FOR SALE

GREEK EXPORTS S.A.
ANNOUNCEMENT
Repeat call to tender for the highest bid

GREEK EXPORTS S.A., with head office in Athens (17 Panepistimiou Street) and legally represented in its capacity as liquidator, in accordance with article 46a of Law 1892/1990, supplemented by article 14 of Law 2000/1991, and following the written affirmation dated 6/8/1992 with ref. no. 915 of the creditor in para. 1 of the above article, to the effect that the bids submitted are not considered to be in the best interests of the creditors, and in accordance with para. 11 of the same article,

announces

a repeat call to tender for the highest bid with sealed, binding offers for the sale, in toto, of the assets of the company entitled THERMIS S.A. with registered office in Athens, at 10 Emmanouil Street, (Rimopolis) and which was engaged in manufacturing central heating radiators and boilers, etc.

1. For this purpose interested parties are invited to receive from the liquidator the Offering Memorandum and to submit a sealed, binding offer to the Athens notary public Sotiria K. Doirvi, 4 Themistokleous Street, tel. 363.9493 who is responsible for the call to tender, up to 21st September 1992.

The bids are to be submitted in person or by a legal representative.

2. The bids will be unsealed before the above-mentioned notary public on 22nd September 1992 at 1000 hours and in the presence of the liquidator. All parties having submitted bids within the specified time limit are also entitled to be present.
Bids submitted beyond the specified time limit will not be accepted and will not be taken into account.

3. The sealed, binding offers must state clearly the offered purchase price as a whole, for the assets of the company and must be accompanied by a letter of guarantee from a bank that is legally functioning in Greece.
The amount of the letter of guarantee must represent 10% of the offered, total purchase price.
In the event that the bidder to whom the assets of the company have been adjudicated should fail in his obligation to appear before the liquidator within thirty (30) days from the invitation to do so by the liquidator, to sign the relative contract, the 10% guarantee is forfeited in favour of the liquidating company GREEK EXPORTS S.A. in order to cover all and any expenses and time spent, and any actual or hypothetical loss incurred, without the obligation to give an accounting or to consider the forfeiture in its favour as a penalty clause, and collect the amount from the guarantor bank.
Guarantees submitted for participation in the tender are returned to the other bidders after the liquidator's evaluation report and the sale to the highest bidder have been approved by 51% of the creditors.

4. The highest bidder is the one whose offer has been so judged by the liquidator and approved by 51% of the creditors as the one in their best interests.

5. The liquidator has no responsibility and is in no way liable to those taking part in the tender, both with respect to the evaluation report on the offers which he will submit to the creditors and to his proposal concerning the highest bidder. Also, he is not responsible or liable to the participants in the tender, in the event of its cancellation or resumption, should the result be considered detrimental to the interests of the creditors.

6. Those taking part in the tender and submitting offers do not acquire any right or claim deriving from the present announcement or the adjudication or ratification of the sale of the assets to the highest bidder, against the liquidator and creditors for any reason or cause.

7. The transfer expenses (taxes, stamp duty, notary fee and mortgagor's fee and other expenses for topographical plans according to Law 651/77, etc.) are payable by the buyer.

8. For further information interested parties may apply to: a) ETBA S.A. Head Office, 87 Syngrou Ave., 117 45 Athens Tel. 30 1 929.4395 & 929 4396 and b) GREEK EXPORTS S.A., 17 Panepistimiou St. (1st Floor) 105 64 Athens, Tel. 30 1 324.3111 to 324.3115.

FRANCHISING

The FT proposes to publish this survey on September 23 1992.
The weekday Financial Times is read by 83,000 of the UK's business managers and 24,000 Chairmen, MD's and deputy MD's, both essential target audiences interested in both sides of the Franchising coin.*
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Tel: 071-873 4780
Fax: 071-873 3064

*Data source: BMRC Businessman Survey 1990

FT SURVEYS

The City is confused by Hanson's new strategy, reports **Roland Rudd**

Whizz kids slow down

Hanson, Britain's best known conglomerate, is undergoing one of its biggest changes since Lords Hanson and White started out in business in 1963. According to its new generation of management, Hanson is no longer a trader in assets, but an industrial group dedicated to building and managing its core businesses.

The very concept of a core business used to be anathema to Hanson, as any of its parts could be up for sale at any time. The management believed that to label a business as "core" sent out the wrong message, implying that Hanson would not sell it.

Lords Hanson and White would consider buying a cigarette business one year, a gold mine the next, and then think about adding an electricity generator. The "last of the swashbuckling whizz kids" (as Lord White once described the two of them) executed their policy with breathtaking speed.

The "swashbuckling" aspect of the group started to look outdated last year when Hanson decided to take a 2.8 per cent stake in Imperial Chemical Industries. ICI turned the tables on Hanson, attacking its management to great effect.

Earlier this year David Clarke and Bob Raos were appointed chief executive and chief operating officer respectively of Hanson Industries, the group's North American arm, and Mr Derek Bonham was appointed chief executive of the PLC based in London.

The new team want to continue to build on Hanson's traditional skills at buying and selling assets. The difference is that they no longer want to be defined by those skills. In the nineties they believe Hanson's central role should be managing and expanding core businesses — natural resources such as coal and timber and tobacco.

As Mr Bonham put it: "There are a number of businesses, such as *Cavenham Forests* (in the US), where increasingly you want to be number two or three in the industry as opposed to number six or seven."

Acquisitions, therefore, will have to fit into the core businesses or be so big that they can stand alone as a separate core business. A lot of the smaller businesses which cannot be built into the new framework, valued at around £700m, are likely to be sold.

Hanson's strategy has confused some analysts. They have pointed to conflicting statements coming out of the company. While Clarke talks of the sale of portfolio companies, Martin Taylor, vice chairman, denies that there are any plans for immediate disposals; Bonham talks about degearing the balance sheet as Lord White talks about creating a new property business.

Mr Mike Smith, conglomerates analysts at Robert Fleming Securities, says: "The signals from Hanson are very confusing; the City wants to know what the new management is looking to do and whether the old management is in full agreement."

Lord Hanson angrily denies suggestions of disagreements, and says the issue is about emphasis. He accepts the Clarke/Bonham thesis on core businesses but suggests it is nothing new. "We are not breakers of businesses. We have got to emphasise our tremendously capable managers who are building those businesses."

He confirms that some of Hanson's smaller businesses will go at the right time. But this should not, he adds, be interpreted as meaning that all of them will be sold.

Trevor Humphries

Lord Hanson (left) with Lord White: 'When I've retired I will be gone and nobody will notice it'

At the very least this is a significant repositioning of the group's strategy. Lord Hanson may have known all along that Hanson would develop into an industrial materials company but it is new to most commentators following his company.

As Jeremy Marshall, a former senior Hanson operations executive and now head of the bank note printer De La Rue, once put it: "Hanson was best known not for the organic growth of companies but for buying groups and selling them on."

Could it be that the new management believes Hanson has to evolve into an industrial materials company because there are no longer any opportunities to do mega deals?

Supporters of Hanson's new management say there is a more compelling reason for the new strategy. The ratio of Hanson's share price to the market average fell by almost 10 per cent last year when the group was under fire from ICI. Goldman Sachs, the US investment bank which took the lead in London in attacking Hanson on behalf of ICI, recently published a buy note in the US, arguing that the new strategy would improve the shares' rating.

As the group's strategy changed so has the role of the centre at Hanson. Mr Bonham says: "The responsibility of the centre is to motivate the management. We have spent a lot of time devising appropriate programmes for key managers and making sure we get the right people into the right slots."

Lord Hanson is equally forthright. "We are an industrial mangement company; we have a portfolio of industrial companies and sometimes it's necessary to dispose of part of the portfolio."

The problem for Hanson is the City does not quite believe it. It senses that the new management is intent on changing the strategy but it is unsure of how far Lord Hanson supports the changes.

Lord Hanson believes it is just a question of time. As more of the decisions go out in the name of the new management there will be less opportunity to talk of splits and disagreements. The group's strategy will be executed by the new management which will have soon consumed "more and more" of Lord White and Hanson's jobs. "You never know when I've retired because I will be gone and nobody will notice it", says Hanson. "People in the building will laugh. But the fact of the matter is that will happen."

For Sir, a potato and a mineral water

Alan Friedman eats his way round Manhattan, where the in crowd is picking at its food

NEW YORK

The lavish lunch is less a part of doing business in New York these days than it used to be. Chalk it up to recession, to the new austerity of the 1990s, or to the need executives have for belt-tightening of the paunch-avoidance variety.

This is not to say the era of business lunching is over. One merely needs to calibrate one's selection of restaurant and menu according to status and strategy.

Many New Yorkers, starting with Wall Streeters, consider lunch an irritating interruption in their day. Hence, the uncivilised habit of having sandwiches or salads sent in, and scarfing them down in five bites with a can of Diet Coke.

Deal makers in Manhattan are far more likely to favour a power breakfast, so don't be surprised if you are offered muesli, orange juice and watery coffee at 8 o'clock.

At breakfast or lunch, it is perfectly acceptable, even desirable, to plunge right into the subject of your meeting. Remember: Americans are invariably more direct than their European counterparts and most have few qualms about spitting out their life histories in the first thirty seconds of a meeting. They also eat too fast, refrain from the filthy habit of smoking, and prefer mineral water to wine at midday.

Different rules apply as one moves up the socio-economic ladder. The mid-level investment banker or industrial executive is still happy to tuck into decent nosh at a mid-town eatery. A chic, but not overly ostentatious, restaurant is The China Grill, a spacious venue furnished in Early Yuppie at 53rd Street and Sixth Avenue.

If you want more ambience and really good northern Italian cuisine, try Paper Moon (58th Street between Madison and Park) or Sfuzzi (65th Street, just east of Broadway). Both are discreet places where you need not worry about being overheard — and they offer excellent focaccia, seafood and dry white Pinot Grigot.

If, on the other hand, you want a statesman-like meeting place for a big deal or a little chat, the least known and most pleasant new venue in town is the roof bar and restaurant of The Peninsula (corner of Fifth Avenue and 55th Street).

At breakfast or lunch, it is perfectly acceptable, even desirable, to plunge right into the subject of your meeting

At the top of the power pile, and rather too fashionable for most businessmen except media and publishing types, are The Four Seasons and Le Cirque. These are *the* places to take a New Yorker if you wish to impress, but reservations should be made well in advance and the bill will make serious inroads into your expense account.

As important as the venue, however, is the need to show your New York contact that you are wise to the health-conscious ways of contemporary American capitalism. Do not be shocked, therefore, if your luncheon companion sticks to a glass of Perrier and some grilled vegetables, followed by black coffee. Some British colleagues seemed taken aback recently when they sat in the Grill Room of The Four Seasons and watched their guest order and consume a glass of water and a single, lonely baked potato.

One alternative, although available only by invitation from your host, is to sample some truly awful food along with masses of prestige in New York's version of St James's. If your contact proposes lunch at the Metropolitan Club, the University Club, or, better still, the Century, you must accept with pleasure and prepare for a meal that will make dining at the Reform Club seem like an epicurean treat.

Finally, if you are with a good, old friend, and just want to combine business with fun, pop down to the venerable Oyster Bar in Grand Central Station for no-nonsense nosh. And, if you find yourself in the downtown area of the World Trade Center or Wall Street, there are three great, but little known, eateries in the SoHo and Greenwich Village districts.

Garibaldi (corner of Mercer Street and Washington Place) is one of the best downtown Italian restaurants to have opened recently. Mezzogiorno (corner of Sullivan and Spring Streets) is also unpretentious and consistently good, although no credit cards here. Nor is plastic accepted at Felix (corner of West Broadway and Grand Street), a French-owned and managed bistro, newly opened in the heart of SoHo.

So, armed with this briefing, head for New York, don't forget to make an obligatory remark about the dreadful state of the property market, speak unabashedly about business well before the coffee comes, and, above all, when ordering, just remember to keep it light.

Menu

Mineral water

Gazpacho

Chicken salad

Black coffee

BUSINESS FOR SALE

Touche Ross

The Burns-Anderson Independent Network PLC
Investors Planning Associates Limited
University Medical and General Limited

The Joint Administrative Receivers of The Burns-Anderson Group PLC, D. L. Morgan and N. R. Lyle, offer for sale the shares of the above companies which are owned by The Burns-Anderson Group PLC. The companies are fully financially independent of The Burns-Anderson Group PLC and are continuing to trade under the direction of their existing management. The turnover of the companies for the year ended 31 December 1991 was as follows:

	£000's
The Burns-Anderson Independent Network PLC (FIMBRA registered, operating as an intermediary between a network of independent financial advisers and investment institutions.)	12,665
Investors Planning Associates Limited (FIMBRA registered, providing financial planning services.)	2,774
University Medical and General Limited (Receiving renewal commissions on past business.)	154

Please contact Nick Lawson on 071 936 3000 ext 2137 or at the address below for a copy of the sale information pack.

Deloitte Touche Tohmatsu International

PO Box 810, Friary Court, 65 Crutched Friars, London EC3N 2NP.
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Plastiseal Plc.
(In Receivership)

The business and assets of Plastiseal Plc and its subsidiaries are for sale as a result of receivership:

- Designers and manufacturers of PVCu and aluminium double glazed sealed windows, doors and conservatories.
- *Kite mark quality products.*
- Turnover year to 31 January 1992:
  Plastiseal uPVC Limited – £9.6m – location Coventry.
  Plastiseal Aluminium Limited – £2.0m – location Cardigan, Wales.
- Modern freehold premises and plant.
- Substantial part completed supply and installation contracts.
- Substantial supplier to the trade.

Enquiries to the Joint Administrative Receiver:
SRE Hancock Esq., Price Waterhouse,
Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT.
Tel: 021-200 3000. Fax: 021-200 2464.

Price Waterhouse

Contract & Patent Glazing
BUSINESS FOR SALE

H & E Isaacs (Glazing) Ltd Incorporating Mellowes Patent Glazing

The Joint Administrative Receivers of H & E Isaacs (Glazing) Limited offer the assets of the business including goodwill for sale as a going concern:

- Long leasehold property, ground rent £950 per annum
- Turnover approximately £4.5m per annum
- Established 21 years
- Mellowes patent glazing incorporating Challenge, Hercules and Stratford systems
- 85 Employees
- Prestigious customer list
- Fleet of own vehicles

Interested parties should contact Paul M Davis, The Joint Administrative Receiver, or Norman Sarkis at the company on 071-474 7700.

Levy Gee & Partners — Ref: L3689F
100 Chalk Farm Road, London NW1 8EJ
Telephone : 071-267 4477, Facsimile: 071-485 1486.

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Britton Plastics Limited
(In Administrative Receivership)

The Administrative Receivers offer for sale the business and assets of Britton Plastics Limited and subsidiary companies

- *Technical injection moulders*
- *33,000 sq. ft. of freehold premises in Birmingham*
- *Annual turnover of £2.4m*
- *BS5750, ISO9002*
- *Blue chip customers*
- *Modern micro-processor machinery*

For further details contact G. Ord, Ernst & Young, P.O. Box 1, 3 Colmore Row, Birmingham B3 2DB. Telephone: 021 626 6262 Fax 021 626 6305.

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BUSINESSES FOR SALE
Appear in the Financial Times on Tuesdays, Fridays and Saturdays.
For further information or to advertise in this section please contact
Melanie Miles on 071 873 3308

LEGAL NOTICE

ADVANCED BUSINESS GROUP PLC
Registered number: 2458273.
Trading Name: Advanced Business Group plc.
Nature of business: Holding company.
Trade classification: Non-trading.
Date of appointment of Joint Administrative Receivers: 5th August 1992.
Name of person appointing the Joint Administrative Receivers: National Westminster Bank plc.
Nigel Millar and John Roger Hill, Joint Administrative Receivers (office holder nos. 961 and 5737 respectively) both of BDO Binder Hamlyn, 7 The Close, Norwich NR1 4DP.

Notice of appointment of Administrative Receivers
K J WARD & CO LTD
Registered Number: 2578352
Trading name: K J Ward & Co Ltd. Trade classification: 04. Name and address of joint administrative receivers: D J Stokes and D J Waterhouse, Cork Gully, 1 East Parade, Sheffield, S1 2ET. Office holder numbers 2682 and 5732 Date of appointment: 11 August 1992. Name of appointer: National Westminster Bank plc. Signed D J Stokes Dated 14 August 1992

Notice of appointment of Administrative Receiver Registered Number: 1055628
CREST DISTRIBUTION LIMITED
Trading name: Morris & Turner Builders Merchants. Nature of business: Builders Merchants and Bathroom Specialists and Retailers. Trade classification: 22. Date of appointment of Administrative Receivers: 12 August 1992. Name of person appointing the Administrative Receivers: Lloyds Bank Plc. Joint Administrative Receivers: N J Vought (office holder number 6339) C J Barlow (office holder number 552) Address: Orchard House 10 Albion Place Maidstone Kent ME14 5DZ

WALES
The FT proposes to publish this survey on September 16 1992. from its print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be read by senior businessmen and government officials in 160 countries world wide. It will also be of particular interest to the 130,000 directors and managers in the UK. who read the weekday FT. If you wish to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Wales, call
Clive Radford
on 0272 292565 Fax 0272 225974
Merchant House, Wapping Road, Bristol BS1 4RU

Data source: BMRC Businessman Survey 1990

TECHNOLOGY

Mobile phones go global

A global mobile communications system using 66 satellites to provide voice, paging, facsimile and data services for people on the move has this week moved a important step closer to take-off.

The popularity of mobile phones has spurred a number of new networks covering increasingly broad geographic areas, such as the GSM programme in Europe. Now low-orbit satellite systems promise to expand the horizons even further.

The Federal Communications Commission of the US has awarded Motorola Satellite Communications an experimental licence to construct and launch five satellites to demonstrate the feasibility of its proposed global personal communications network, called Iridium.

Now that the World Administrative Radio Conference has allocated spectrum for such satellite mobile services, Motorola hopes that it will be able to convince national telecommunications groups to invest in its technology which will cost $3.4bn (£1.8bn) for the space infrastructure alone.

The US group has also recently redesigned the system so that it will be operational with just 66 satellites orbiting the Earth, rather than 77 satellites as initially envisioned. The reduction will be achieved by using more powerful satellites which concentrate communications capacity on areas where demand is most required. Each of the 66 satellites moving in low orbits will cast 48, rather than 37, beams on to the surface of the Earth. This will reduce the possibility of interference while allowing reallocation of channels in response to patterns of consumer demand for voice or paging services.

The experimental satellites are set to be launched in 1996 and Motorola expects to be able to commercialise the service by 1998. Handsets are likely to be priced initially at between $2,000 to $3,000.

For users of existing terrestrial mobile networks, Motorola has designed a dual handset that would scan for the subscriber's terrestrial system and go to Iridium only if a signal were not available from the land-based system.

Other companies competing with Iridium include Hughes Aircraft, Loral and TRW.

Michiyo Nakamoto

Hands up for chiral

Clive Cookson explains what oranges and lemons are telling chemists about new drugs

What makes lemons smell different from oranges and caroway taste different from spearmint? What gave thalidomide its tragic side-effects?

The answer is asymmetry. Most natural molecules can exist in two mirror-image forms, like left and right hands, which may have very different effects on the body.

Now chemical and pharmaceutical manufacturers are learning to do something that nature has always done: make pure right-handed or left-handed molecules – called chiral isomers, after the Greek word for hand.

Chiral manufacturing is one of the fastest growing fields of industrial chemistry. Pharmaceutical and agrochemical companies are switching from traditional synthesis, which gives 50:50 mixtures of mirror-image molecules, and making instead the pure isomer that works best as a drug or pesticide.

Almost all biological processes are chiral. A living cell normally responds to only one isomer, just as a glove is designed to fit on either the left or the right hand. Producers of flavours and fragrances have long known that the distinction between mirror images is critical: for example R-limonene smells of orange and its mirror image, S-limonene, smells of lemon.

Yet most of today's best-selling drugs are made and sold as a mixture of two isomers. Often one is active and the other neutral. Occasionally the unwanted isomer can cause harmful side-effects. The most tragic case was thalidomide: one isomer was a tranquilliser and – as scientists discovered too late – the other produced birth defects.

Chemists have distinguished between chiral isomers since the last century but techniques are only now becoming available to apply the knowledge on a large scale.

Pharmaceutical regulators, notably the US Food and Drug Administration, are encouraging the industry to develop new drugs as single isomers, and some companies are preparing to relaunch established drugs as one isomer. For instance Boots of the UK is to make pure left-handed S-ibuprofen, the active form of the painkiller ibuprofen which is now produced as a mixture with inactive R-ibuprofen.

Sometimes two isomers of one molecule may produce different therapeutic benefits. A good example is verapamil, a "calcium-channel blocker" marketed by Knoll, pharmaceutical subsidiary of the German chemical group BASF. The drug's activity, which makes it a useful treatment for high blood pressure and angina, is caused predominantly by the left-handed isomer L-verapamil.

Verapamil also has a powerful effect on reducing the drug resistance which often develops in cancer patients during chemotherapy. The calcium-channel blocking activity, which has until now limited the use of verapamil in chemotherapy, is much lower in the right-handed isomer. Pure R-verapamil is a promising compound for treating various types of tumour and is currently undergoing clinical trials.

Switching to a single isomer can rejuvenate the commercial life of an old drug, says Andy Richards, commercial director of Chiros, a Cambridge company specialising in chiral chemistry. He estimates that 50 to 80 drugs – approaching the end of their patent protection – are good potential targets for a switch. The cost of developing a single isomer from a mixture ranges from $2m to $15m, while the payback in additional sales is projected to be $20m to $200m a year.

Pharmaceuticals are the most valuable application of chirality. Pure isomers of synthetic chiral compounds represent about 5 per cent of drugs on the market and 40 per cent of drugs in development. Sales of the "chiral intermediates" required to manufacture them are worth more than $500m a year now, according to industry estimates, and could grow five-fold over the next decade.

Agrochemicals are the second-largest user of chiral chemicals. Other important applications are in flavours and fragrances and in electronics (liquid crystal displays depend on the ability of chiral compounds to twist polarised light).

The agrochemical industry faces environmental pressure to switch from mixtures to single active isomers. This immediately halves the amount of pesticide that farmers need to spray on their fields.

ICI of the UK has led the production of pure chiral agrochemicals. Its subsidiary ICI Fine Chemicals is making 1,200 tonnes a year of S-chloropropanoic acid (S-CPA), an intermediate which can be used to produce pure isomers of several important herbicides. Some goes to ICI Agrochemicals but most is sold to competitors.

The key to the process is an enzyme which ICI produces from genetically engineered bacteria. When the enzyme is applied to a mixture of CPA isomers, it specifically converts right-handed R-CPA, to lactic acid. That leaves behind the S-CPA which is needed for herbicide production.

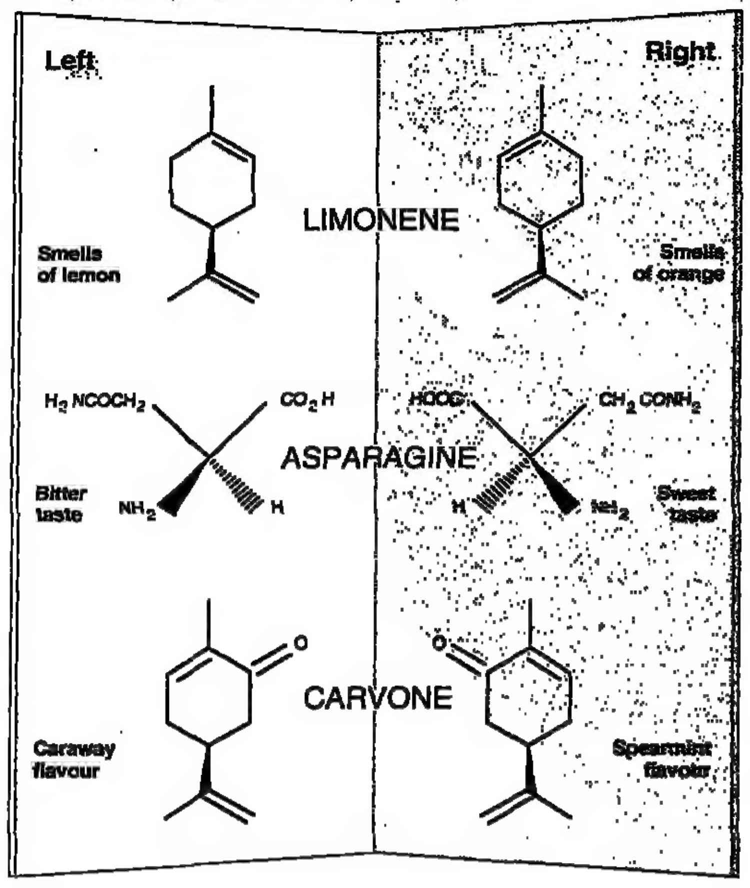
Natural enzymes are a favourite tool of chiral synthesis because they distinguish between mirror images, whereas conventional chemical synthesis produces both in equal amounts. For example, ICI Fine Chemicals has identified 20 to 30 enzymes that could be used to reduce ketones to chiral alcohols – an important step in pharmaceutical synthesis.

Several start-up companies specialise in chiral chemistry, making intermediates and working with pharmaceutical groups to develop new compounds. They include Chiros and Oxford Asymmetry in the UK and Sepracor and Celgene in the US.

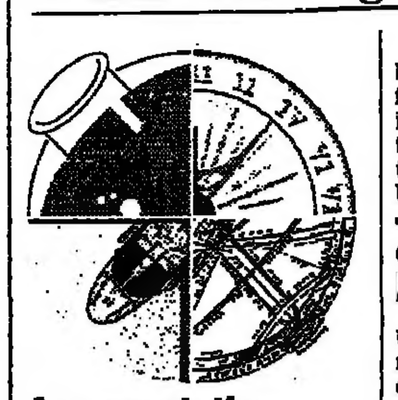
Oxford Asymmetry focuses on chemical methods of chiral synthesis, rather than the enzymatic or biological techniques favoured by most others. Steve Davis, research director, has developed an ingenious series of small molecules (which he calls chiral auxiliaries) for use in building up chiral compounds "like a piece of molecular scaffolding."

Sepracor, based in Massachusetts, is systematically developing single isomer versions of drugs currently sold as mixtures. It has filed patent applications for more than 40, including Glaxo's recently introduced Zofran (anti-emetic) and Serevent (anti-asthma), and was recently awarded its first important US patent – for the left-handed version of Eli Lilly's best selling anti-depressant Prozac. That could leave Sepracor in a strong commercial position after Lilly's original Prozac patent runs out in 2001.

Chiral compounds



Worth Watching · Louise Kehoe



A presentation transformation

Electronic presentation technology, using computer-generated slides, graphics and video can transform an ordinary business seminar into an impressive event.

A guide to the latest innovations in electronic presentation technology, published by Barco, a UK audio-visual communications specialist, provides a simple but useful description of the equipment and methods that can be used to enhance business presentations.

As well as describing the technology, the booklet includes practical advice on the basic aspects of presentation such as room size, seating layout and the right environment. Barco: UK, 0734 664611.

Sound cards top the charts

An add-on circuit board that gives a standard PC the ability to record and produce CD-quality sound has been introduced by Logitech, the US PC peripherals company. Ultrasound is the first PC sound card capable of playing up to 32 digital synthesized voices simultaneously, or 16 stereo channels. It also offers the facility to mix music, voice and sound at the same time on two digitally multiplexed channels.

The sound card, which was developed by Advanced Gravis of Canada, a company in which Logitech holds a controlling interest, is supplied with software including Ultra Soundstudio, a package designed for music editing and UltraFli, an application that synchronizes digitised and synthesized sound files, plus a wide range of sampled sound files and compositions. The UK price is £149 plus VAT.

Some 3m PC sound cards will be sold in the US this year, up from 1m in 1991, according to industry analysts. Of these more than 60 per cent will be used by the entertainment industry. Logi: UK, 0344 891313/891452.

Closer look at Alzheimer's

Until recently the only accurate means of diagnosing Alzheimer's disease, a form of dementia affecting between 5 and 10 per cent of the population over the age of 65, was by post-mortem examination.

Now scientists at SIBIA, a biopharmaceutical company founded by the Salk Institute for Biological Studies in California, have developed a test which allows diagnoses to be made in patients with symptoms or before symptoms appear, Jennie Lynch writes.

The test uses a highly-specific antibody which recognises a human protein, soluble APP, found in the fluid of the spinal cord. The antibody is at least 20 times more sensitive than any previously made to detect soluble APP. In Alzheimer's patients levels of this protein are reduced and, according to a study in today's Lancet, the diminishing levels of protein correlate with increasing severity of the disease. SIBIA: US, 619 452 5892.

Body drier shoots the breeze

An inventive, if somewhat bizarre, product from Primacare Marketing of Bolton falls into the category of technology "worth trying" rather than watching.

The Cozydry electric "body drier" is a unit that can be installed in the corner of a shower stall. It consists of a floor to ceiling strip with several blowers, rather like hair or hand driers. After showering, the user simply turns on the drier and basks in streams of warm air.

"Forget wet towels. Forget the effort of rubbing. Forget the twisting and stretching to reach those awkward places," the inventors say. "The Cozydry sensation is like standing naked in a gentle breeze on a summer's day." Not for everyone, perhaps, the Cozydry may none the less prove a valuable appliance for the disabled or elderly. Primacare Marketing: UK, 0204 386316.

CONTRACTS & TENDERS

TENDER NOTICE
SUDAN SUGAR REHABILITATION PROJECT
IDA Credit No.: SU 1506

The Government of the Republic of the Sudan has received a credit from the International Development Association (IDA) towards the cost of the Sugar Rehabilitation Project. It is intended that part of the proceeds of the credit will be applied to eligible payments under the contracts for which this invitation for Bid is issued.

The Sugar Projects Implementation Committee (SPIC) the co-ordinating executive agency now invites sealed bids from eligible Bidders from member countries of the World Bank for

BID NO. FRI - 101 S
BID NO. FRI - 101 A

Dismantling of boiler parts, design, manufacture, supply and erection of the required Goods for rehabilitation of two boilers and common services and refurbishing of some of the boiler equipment, each for Sennar Sugar Company (Bid No. FRI - 101 S) and Assalaya Sugar Company (Bid No. FRI - 101 A) (the details of which are provided in the bid documents).

A complete set of Bid Documents combined for bids FRI 101S and FRI 101A may be purchased by the interested Bidders on submission of a written application to SPIC and upon payment of a non-refundable fee of U.S.$2.00 or an equivalent amount in a freely convertible foreign currency or. Sudanese pounds 20,000, to cover costs. Additional sets may be purchased each at the same price.

To assist Bidders, a complete set of Bid Documents will be forwarded by air courier service to the address specified by the Bidder upon receipt of an application and the Bid Document fee as above and courier charges.

The Executing Agency will not be responsible for any costs or expenses incurred by bidders in connection with the preparation of delivery of bids, including costs and expenses related to visits to the sites of installation of the goods.

Bidders may submit bid either for any one of the factories (i.e. either Bid FRI 101S or FRI 101A) or quote for both the factories.

All bids must be accompanied by a bid security (Appendix A) of not less than two percent (2%) of the Bid price, and the required stamp duty according to the (GOS) regulations should be provided. The bids must be received at the (SPIC) office On or Before 12.00 hours noon on October 8, 1992.

Interested eligible bidders may obtain further information on the bid form and inspect the bid documents at the office of:

Chairman
Sugar Projects Implementation Committee
House 9, Block 7-8A, P.O. Box 3047, Khartoum, Sudan
Telephone: 447910, 440671, 440412, 440421
Telex: 24153 SPIC SD, Telefax: 452250

IN THE NAME OF GOD
INVITATION TO INTERNATIONAL GENERAL TENDER
NO: 71/3/B.KH

Sugar Cane and By-Products Development Corporation, affiliated to Ministry of Agriculture of I.R. of Iran intends to purchase 96 (ninety six) units of Vibratory Compactors through international general tender with certain specifications.
Tender documents could be purchased upon deposit of either U.S.$ 500 to the account No. 770/17 with Bank Sepah/Khaled Islambult branch, Tehran/Iran, or Rials 725,000 to the account No. 512/44 with the same bank, in the name of Sugar cane and by-products development corporation at the following place as of 26 August 1992 to the closing of working hours on 6 September 1992 against presentation of a letter of introduction and the original receipt of the said deposit:
Secretariat of transaction committee No. 60, Brazil Ave, Vanak square, Tehran/Iran.

Sugar Cane and By-Products Development Corporation

IN THE NAME OF GOD

Sugar Cane And By-Products Development Co. (SCBDC) is in the process of establishing two similar Pulp & Paper Plants each having capacity of 177,000 Tons of writing and printing Paper per year in the province of Khuzestan, Islamic Republic of Iran. As the basic Engineering for the Plants is completed and tender documents for these Plants are about to be issued in the form of 12 separate Packages, SCBDC plans to select a reputable consulting Engineering company to carry out Detail Engineering.

Qualified Consulting Engineering companies are invited to send their prequalification documents to the following address by 20 September 1992:

Sugar Cane And By-Products Co.
Secretariat of the Transaction Committee
End of Seyyed Jamaleddin Assadabadi Ave.
Brazil Street, No. 60
Tehran / IRAN

Tlx No: 212417 KSD IR
Fax No: (0098) (21) 4660666

LEGAL NOTICE

In the High Court of Justice Chancery Division No 006661 of 1992
IN THE MATTER OF PLASMON LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN, that the Order of the High Court of Justice (Chancery Division) dated 27 July 1992 confirming the reduction of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on 1 August 1992.
Dated 19 August 1992
S J Berwin & Co, 236 Grays Inn Road, London WC1X 8HB. Solicitors for the above-named Company. Ref: 62/P2159.34/5742g

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

vous faire part d'un accord publicitaire avec **LES ECHOS** le quotidien de l'économie le plus important en France. Une annonce dans la rubrique "Offres d'Emploi Internationales"dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos le mardi et dans le Financial Times le mercredi (le vendredi dans l'Edition Internationale du Financial Times).Pour de plus amples renseignements, veuillez contacter:

STEPHANIE COX-FREEMAN
071 873 4027

PEOPLE

Baglin to retire early from Abbey National

Richard Baglin, one of Abbey National's three managing directors, has decided to break the Abbey habit at the relatively tender age of 49. His departure removes one of the obvious contenders for John Bayliss's job of running Abbey's core retail banking business.

When Cambridge-educated Baglin joined Abbey in 1964, he was one of the very first graduates to be hired by the building society industry. He became a general manager in 1981 and has most recently been in charge of new business which included the group's loss-making estate agency business and its European operations.

However, Abbey National stressed that his retirement – he leaves at the end of the year – was in no way linked to problems in the areas he was responsible for, such as Fico France, the group's French mortgage lender. He will remain with the group as a director of Abbey National's French and Italian subsidiaries.

Baglin, who started a three-week holiday yesterday, was unavailable for comment. But it is understood that he wants to do something different while he is still young enough.

Until now Abbey's top team, under chief executive Peter Birch, has been more stable than those of most big financial institutions. However, John Bayliss, managing director of retail operations, is expected to retire in the next year or two and a replacement has not been named for Baglin.

One possibility is that Charles Villers, the former chairman of County NatWest and Abbey's current managing director of corporate development, may assume some of Baglin's tasks. However, the key appointment Abbey will have to make is finding a replacement for Bayliss. John Fry, 55, the group service director and another Abbey veteran, is one possibility, but Abbey could choose to leap a generation or look outside.

Insurance moves

■ Tony Nunn is to advise the Institute of London Underwriters, the organisation which represents marine and aviation insurance companies, on its relations with governments and multilateral organisations. Nunn, now 65, is a well known figure in the marine insurance market, where he has been most recently associated with Scottish Lion.

■ Russell Shearer and Robin Burrows have been appointed directors of BARNET DEVANNEY Ltd.

■ Mark Richardson and Jim Greenfield, formerly directors of Bain Clarkson, have been appointed regional directors of ALFRED BLACKMORE.

■ Viscount Chelmsford, recently retired from Willis Corroon, has joined the advisory board of De LISLE JESSUP SCOTT.

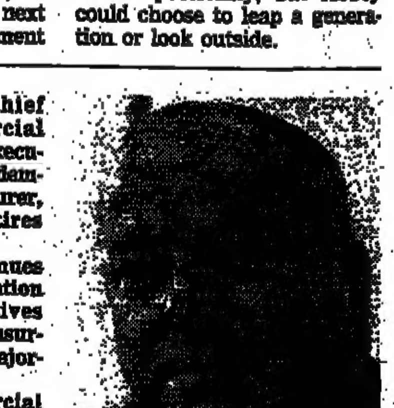
■ Raymond Brown has been appointed a director of BOWRING Financial & Professional Insurance Brokers.

■ Mark Thurgood has been appointed a director of NICHOLSON STEWART-BROWN.

Tony Brend, 58, chief executive of Commercial Union, is to become non-executive chairman of Trade Indemnity, the trade credit insurer, when Peter Dugdale retires next year.

The appointment continues the tradition of representation on the board by executives from the UK's leading insurers, Trade Indemnity's majority shareholders.

Brend joined Commercial Union in 1958, worked in the far east, and became chief executive of CU in the US in 1983 before becoming CU's chief executive in 1986. His new appointment will have no effect on this position.

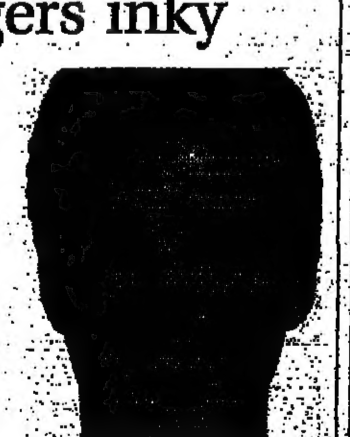


Williams prepares to get his fingers inky

David Williams, who arrived at Fleet Street-based printing ink specialists Usher-Walker 15 months ago, has been made chief executive in a boardroom reshuffle designed to prepare the company for growth. Peter Walker, previously chairman and managing director, remains executive chairman.

Williams, who says he had no experience of inks "beyond the little bit I used at school" when he joined from acquisitive mini-conglomerate Mosaic Investments, explains that Usher-Walker has been "basically very much a family-run company", despite its stock market listing.

He came in with the title of corporate development director, and there was no chief executive. The board of nine members was far too unwieldy, according to Williams, and a priority was to institute "proper reporting systems".



Hence Gerry Burdall, 55, technical director since 1983, steps down from the main board, and becomes purchasing director. Ron Loynton, 50, remains director in charge of sales, but also steps down from the board.

Williams explains that Walker "has his finger on the pulse on the ink side". That leaves Williams to concentrate on acquisitions – possibly in the speciality chemicals field. He also thinks that, while Britain is acknowledged as a world leader in inks manufacture, Usher-Walker has paid too little attention to the export side.

On the 25th September the Financial Times proposes to publish a survey entitled

BUSINESS TRAVEL MANAGEMENT

Business Travel is one of the major costs that a company faces. This survey will examine the management control of travel costs and examine the issues most relevant to the sector.

The survey will profile the Guild of business Travel Agents who celebrate their 25th anniversary and examine their influences on the business travel industry.

For details of advertising rates and an editorial synposis, please telephone Jessica Perry on 071 873 4611 or fax 071 873 3062

Edinburgh International Festival

The visual scene

Mary Rose Beaumont

IN the past, there have been complaints that the visual arts at the Edinburgh Festival have not sufficiently reflected the state of Scottish art past or present. This situation is handsomely redeemed this year with exhibitions of Allan Ramsay at the National Portrait Gallery, James Pryde at the Gallery of Modern Art, Will Maclean at the Talbot Rice Gallery, University of Edinburgh, while the Scottish Gallery is celebrating 150 years of purveying exclusively Scottish art.

Will Maclean is a Highlander whose art is informed by his heritage. His acute consciousness of the tragic history of his people was passed on to him by his father, who came from a fishing-crofting family.

Maclean's symbolic and mythological imagery, drawn principally from the sea, offers levels of metaphor beyond the visible. The panels and boxes that he makes, a mixture of carved wood, bone and found objects, often take the form of reliquaries, shrines to a vanished age, or altars for the worship of a pagan cult lost in the mists of time.

Maclean archaeologises and reinvents the past, his own in *Memories of a Northern Childhood*, 1977, consisting of a panel to which are attached found objects connected with seafaring, a piece of slate carved with a fishing vessel inset like a votive offering into a kind of tabernacle.

Equally unspecific, yet at the same time a more general requiem for a disappearing culture, is *Abigail's Apron*, 1980, a surrogate portrait of his aunt, represented only by her carved wooden apron and the mysterious objects protruding from the pocket.

The elegiac *Skye Fishermen In Memoriam*, 1989, is a lamont for those lost at sea, the discarded piece of sacking, the fishing net and an old industrial glove inducing a sense of the fragility of life.

The most recent piece *The Emigrant Ship*, 1992, is central to Maclean's lifelong concern with the Clearances. The title is a homage to the painting of the same name by Sir William McTaggart, who was also a Highlander. Maclean's painting was inspired by the skeleton of a ship scratched on an old school wall in Mull and the inscriptions on the windows of the church where the victims tried to shelter. The space and symbolic imagery of Maclean's piece works at both conscious and unconscious levels; it is at once a threnody for the tragic misfortunes of the past and a warning for the future.

THE darkling paintings of James Pryde (1866-1941) are exhibited in all their theatrical splendour at the Gallery of Modern Art in a fitting tribute to one of Scotland's more neglected sons. The central room is hung with the huge romantic paintings commissioned by Annie, Lady Cowdray, for the Library at Dunecht House in Aberdeenshire. The walls have been repainted a deep turquoise for the occasion, the original colour at Dunecht, and the paintings are brilliantly lit, bringing out the inherent drama of the canvases.

Pryde had a predilection for ruins, which was given full rein in the Cowdray paintings *A Blue Ruin*, *A Red Ruin* and *Cowdray Ruins*. Building on a legendary visit by Queen Elizabeth I to Cowdray, there is also Queen Elizabeth's Bedroom, which, not surprisingly, is in ruins.

They are haunting and nostalgic images, certainly the flower of his achievement.

Pryde was born and brought up in Edinburgh, and the memory of the towering vistas of the Old Town architecture stayed with him all his life, the figures in his paintings becoming progressively smaller while the architectural features grew ever more elongated and mannered, until they become the stuff of nightmares.

The final series, on which he was still working at his death, was inspired by the vast bed at Holyrood House in which Mary, Queen of Scots, was supposed to have slept. For him it encompasses birth and death, especially death.

Pryde's best-known early achievements were the posters he made in collaboration with William Nicholson, collectively known as the Beggarstaff Brothers, but the partnership was short-lived.

Pryde went on to indulge his fascination with low-life portraits of notorious criminals and, more important for his future bent, theatrical portraits. His passion for the theatre culminated in his stage sets for the 1930 production of *Othello*, starring Paul Robeson and Peggy Ashcroft. It was his swan song, and the last 10 years of his life were barren.

NOTHING to do with Scotland, but tenuously connected to Britain's presidency of the EC and supported by the European Arts Festival, the Royal Scottish Academy is hosting an exhibition of Jean Miro's sculpture a year ahead of his centenary, lent in its entirety by the Fondation Maeght, France. However, no spurious reason is required: the exhibition is pure joy.

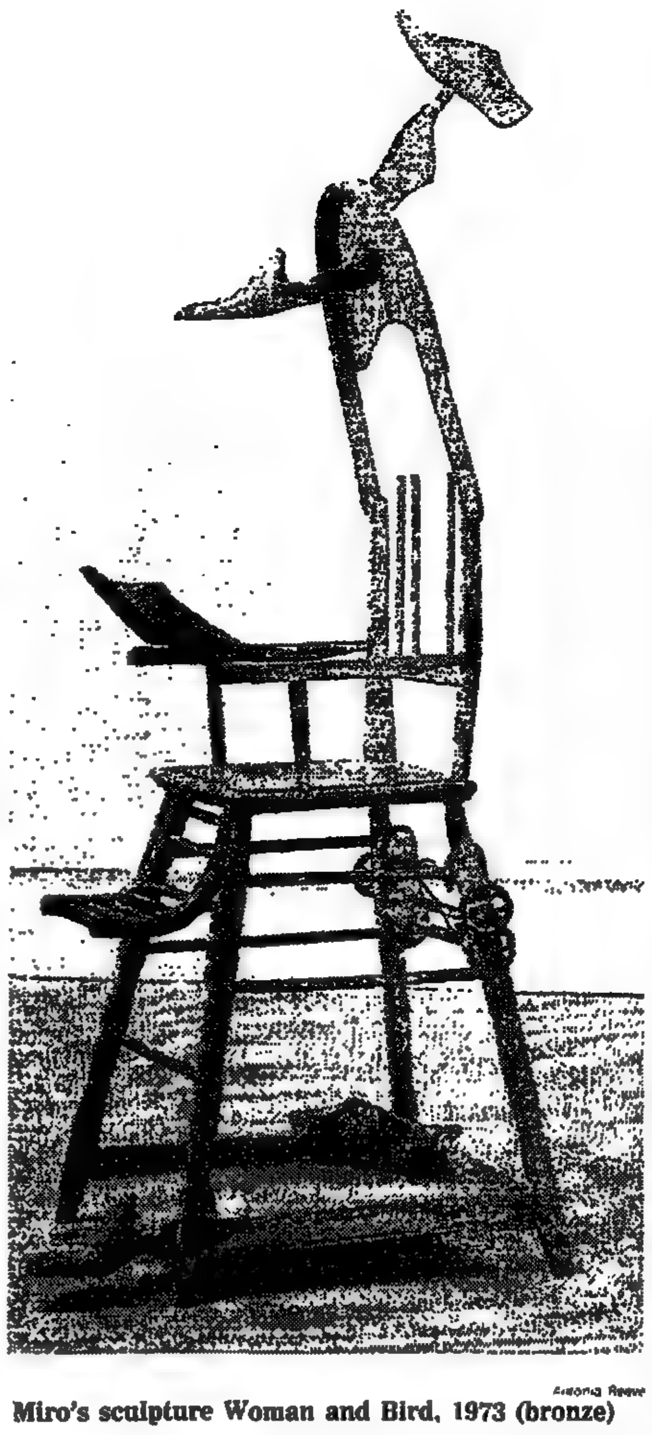
Miro only came to sculpture in a big way during the last 20 years of his life, although he had modelled and cast a few in the 1940s. One senses that the 72 sculptures here exhibited are more in the nature of *jeux d'esprit*, a relaxation of the intensity of his work a painter. There is no relaxation in the inventiveness of the forms and the mischievous pleasure he takes in juxtaposing incongruous features.

As ever, his recurrent motifs are women and birds, together or separately. The bird, symbol of freedom, takes many forms – as long as it is on top, you know it is a bird, whether it be a shoe tree or a tuning fork. Women too can take any form, from a high chair, representing maternity, to an upturned stool, suggesting passivity, while the materials encompass any amount of found objects, from a turtle shell to a kettle.

Miro delighted in using anything that came to hand, hoarding odds and ends until he found a use for them, even appropriating the casting tools he was working with. The imaginative transformation of banal objects is comparable to Picasso's assemblages, such as his *She-Goat*, 1950, whose belly is cast from a wicker basket.

Miro casts a straw basket for a woman's head, and a one-armed plastic doll for her nose. The sculptures are vivid reminders of Calder's circus figures of the 1920s, when both he and Miro were newly arrived in Paris.

Miro's relationship with contemporary British sculpture is apparent. *Balancing Act*, 1970, presupposes Barry Flanagan's leaping hares, and the shinily-painted red legs of *Young Girl Escaping* 1968, have a jauntiness similar to Allen Jones's tangoing figures. They may be an old man's playthings, but the old man was in full inventive flight.



Antonia Reeve

Miro's sculpture Woman and Bird, 1973 (bronze)

Santa Fe Opera

NOW 35 years old, the Santa Fe Opera long ago established traditions for its short summer seasons: a strong company of young and youngish American singers, a repertory including at least one brave new work each year – and plastic raincoats to shield those in the uncovered part of the theatre from the desert storms of New Mexico.

This year the new piece was Hans-Jürgen von Bose's *The Sorrows of Young Werther*, which makes a fitting choice for a festival that has already given five Henze operas their American premieres. Born in 1953, von Bose belongs to the generation of German young Romantics who have looked more to Henze than to Stockhausen as a model, and *The Sorrows of Young Werther* is very much a German young Romantic piece.

Von Bose wrote it when he was just past 30 – it had its first performance at Schwetzingen in 1986 – and it evinces a young man's ready identification with the subject of Goethe's novel.

Just as Werther is so preoccupied with his feelings that he excludes events from his mind (finally to the point of suicide, the ultimate exclusion of events), so von Bose seems concerned above all with his responses to the book, which becomes, in his words, "a strange, remote idyll, something partly nostalgic, partly threatening and always very fragile, on the verge of vanishing, and with a touch of dreamlike escapism".

The opera is an idealised landscape of the mind, a German romantic landscape featuring Hölderlin and Lenz along with Goethe in the libretto, Schubert, Schumann and Mahler further back than Henze in the chain of musical antecedents, and treasuring of youthful sentiment and feeling for nature.

More specifically, von Bose's identification is with the hero, who is on-stage almost throughout the two acts, nearly always as the focus of attention. The opera begins from him, from his voice unaccompanied, then gradually joined by a "madrigal quintet" of unseen singers who echo his thoughts and feelings, and by a solo oboe as the piece starts to lift off. It is with him, too, that the music feels.

When his suddenly-beloved Lotte tells him she's engaged, high woodwinds and brass yelp and scowl in agony; when she gives him leave to visit her the next day, the pit wells up with jubilant bell sounds. The language is one of emotional endorsement, of coursing sympathy.

It follows that the piece needs a Werther who will compel belief and never let the precious fabric tear. In Kurt Ollman, Santa Fe has just the man: a baritone of radiant candour and ease, using his natural talents with all a lieder artist's care to weld word and tone into the singleness of lyrical declamation.

Nobody else has much of an opportunity: Werther is not interested in other people except as analogues of himself, and von Bose goes further than Goethe in diminishing the lesser characters. Albert, Lotte's fiance and later husband, becomes a bogeyman who pops up to curtail any dalliance with Werther. Even Lotte herself is just a vivacious tease: all we can see and here is Werther's image of her, though projected with agility and brightness here by Charlotte Hellekant.

The characters who come more fully alive are those in whom Werther discerns some shape of himself: the mad Heinrich (a high tenor part, made into graceful flight by Jeffrey Reynolds), and Peasant who kills for love (Mark Thomsen, a necessarily stouter tenor, but still light and fresh, in the nature of the work).

George Manahan was the conductor, Francesca Zambello the director, and Bruno Schwngal the designer. A blue wall, right across the stage, provided a near, wide space in which Werther and his imaginings could wander, while a central pair of doors opened out occasionally on other scenes: the music room of Lotte, Albert and domestic contentment, or emblematic exteriors of summer trees and winter snow. The work's fluidity – its succession to two dozen scenes in little more that an hour and half was well matched. So too its self-sustaining energy.

THE season's other new productions were a broad, unsurprising *Don Giovanni*, lit only by some of the singers (Stanfords Olsen unashamedly big in Ottavio's arias, Ann Panagulais a nicely precise and fresh, lively Zerlina), and a rather more alarming version of the *The Beggar's Opera*.

Paul Steinberg's set for *The Beggar's Opera* confines the action within a long, narrowing space between two high, windowless walls of brick, luridly painted in cream and crimson. It has the atmosphere of an underground station, or a public lavatory: an appropriate place in which the black creatures of Christopher Alden's production can gather and gloat.

These people, dressed in a hybrid of 18th century and modern costume recalling some of Richard Jones's productions, take nothing seriously. At almost every moment, there is the risk that the whole thing could run away into mocking laughter.

This is deeply untrustworthy theatre, though lucky in Timothy Nolen's Peachum as its presiding genius. He smiles or snarls at anyone's effort to interpose a moral value, and yet his good humour, like James Michael McGuire's rude heroic health as Macheath, gives the sign of a benevolence somewhere down there in the murk.

Sante Fe's less disturbing comedies were two revivals, *Der Rosenkavalier* and *Die Fledermaus*, both conducted by the company's director, John Crosby. *Die Fledermaus* was provincial, but *Der Rosenkavalier* had the glamour of an outstanding Oktavian from Susanne Mentzer. She does not have much the look of a lad, but, with a vocal accuracy that seals richness to brilliance, she projects a musical character of sunny confidence. It is also clear that words and meaning are as important to her as glorious melody.

Ashley Putnam makes a sweet Marschallin, restrained to sweetness by the care she needs to control her vibrato. Eric Halfvarson is Ochs to a tee, every phrase, every gesture smartly tuned, a dog for opportunism and the ability to bounce back. Otherwise this company's reputation for Richard Strauss needs polishing.

Paul Griffiths

Theatre

The Tempest

Andrew St George

THE Path Theatre Company's *Tempest* at the Cochrane Theatre brings together able-bodied, physically disabled and mentally handicapped actors. The result is a difficult show, yet one which fulfils three criteria for fine theatre: it is morally challenging, informative, and better than staying in with Mozart. For all this, it is best seen as a piece of cultural therapy, an opportunity for actors and audience to meet on equal terms.

Any and every effort to bring this kind of theatre to the public should be encouraged and applauded. Granted, standards of professional theatre cannot apply here. The whole production underlines the frailty of the human engine, and reminds us that perceived handicaps often turn out to lie in environment, or in others' attitudes.

Just as theatre heightens the senses, so actors who cannot speak, walk, see or hear bring a special perspective to the part. The casting of *The Tempest* here is inspired in this regard. There is point and poignancy in seeing a blind Ferdinand led by Miranda, a signing Stephano eloquently explaining how he will supplant some of Trinculo's teeth, and a Down's Syndrome Ariel, delegating his work through two other bodies which sing and speak for him.

The other felicities of the show are its music, a sly pastiche of Steeley Dan, Django Reinhardt and Mardi Gras jazz, and its dance. However, the actors were often left stranded by the direction and production.

In effect, *The Tempest* for all its sprites and other-worldliness was a difficult choice. Perhaps a less formal approach would better serve the actors. The excellent Kaleidoscope Theatre Company (*Love Lies Bleeding*, 1991) has led the way, using mime, gesture, music and costume to produce fresh, exciting work with a community of disabled actors. Such work *is* possible, and it should be encouraged.

At the Jeanette Cochrane Theatre, Southampton Row, London WC1, (071) 242 7040, until 22 August

Brecon Jazz 92

DURING August, the little Welsh town of Brecon made a curious melting pot. If you had a "stroller" ticket, you could linger in the sunshine and showers of the roped-off riverside meadow bandstand or munch a vegeburger at the Museum car park stage, enjoying groups from Rod Mason's Hot Five to the cool mainstream of guitarist Howard Alden's Quintet. Beyond these exclusion zones, however, it was you, Krukke (the Dutch marching band) and the mob.

But if the streets were swaying to the rhythm of "Ere we go!", the Guildhall, Market Hall and Christ College echoed to more urbane and sometimes illuminating sounds. Some 12,000 seats were sold for the weekend's "sit down" concerts alone and the programming was glorious.

Last Friday, a mainstream dream ticket featured trumpeter Clark Terry, saxophonist Lew Tabackin and guitarist Kenny Burrell, while down the road, Brazilian percussionist Nana Vasconcelos invoked the spirit of equatorial Brazil. On Saturday, pianist Dick Hyman played and talked authoritatively through the jazz repertory and later, feisty Courtney Pine gave an account of the state of the art in the UK. On Sunday afternoon, the blues and boogie of septuagenarian pianist Jay McShann gave way to the "cubop" of Irakere.

Pianists Michel Petrucciani and Bheki Mseleku, back to back, set the swinging in motion on Friday. In his trio, the tiny Frenchman delivers for EMI's Blue Note label what its roster of 25 years ago did. Thick, distinctive melodies are carried at a lick, Petrucciani occasionally dropping a gear and motoring off in another direction. His version of the Parker standard "Billie's Bounce" cascaded so brightly off the keyboard, it hardly mattered that the overall sound quality was what you would expect from in-flight entertainment headphones.

In another European Arts Festival sponsored-performance, Chicago-born tenorist Johnny Griffin, who is based in France, filled the same space with his regular rhythm section. Griffin is a prickly character who plays with a "get outta the way" urgency – even the ballads on this night had a bectoring tone. In the Fifties, he spent some time with Monk, and his own recent originals have a similar strongly rhythmic quirk. The band, whose members look like characters from a Godard *noir* picture, has in Charles Bellonzi a drummer with time, presence and a way with brushes not often heard.

The 22-year old trumpet player Roy Hargrove has a crispness and attacking style which could run with Griffin's. Instead, he has worked recently with that other sax athlete Sonny Rollins. He brought his own loose-limbed quintet to Brecon and along with altoist Antonio Hart kept the dynamics changing by the simple technique of walking into the wings every five minutes. The soaring and flaring originals, as well as "Milestones", thrilled in places, but their energy would have been dissipated completely without the sharply focused back-beat of drummer Gregory Hutchinson (who remained on the stage for the duration).

Brecon usually scores highly by programming the irresistible (the tenor and sweet cornet of Scott Hamilton and Warren Vaché, for example) with the unmissable. This year's coup was two exhilarating shows from the formidable trio of super-guitarist Pat Metheny, melodious bassist Dave Holland and the taut drumming of Roy Haynes. Metheny's cheesy grin, tousled hair and down-home image belie the consummate technician and composer who lurks inside. He said recently that the way he is playing now stems from the pain suffered in finishing a long-standing love affair. If his performance on Sunday resulted from that trauma, his loss is our gain.

Alternating between a beaten up semi-acoustic, whose bridge is held in place by a toothbrush, and a futuristic synclavier guitar synth, Metheny ranged effortlessly between tear-jerking and bucolic originals ("Farmer's Trust") and Ornette Coleman's controlled hysteria ("Lawyers"). His improvisational technique is to hook you on a pretty melody and invent endlessly and mellifluously close to it. He takes on the whole gamut of guitar styles seamlessly too, from the metal posturing of "Questions and Answers" to the studied melancholy of "Lonely Woman".

Holland is entirely sympathetic in accompaniment, developing and extending the leader's themes rather than merely suspending ideas as a solo bass will often do. But Metheny dominates the ensemble entirely and the contrasting harmonics of samples on the synclavier to the truthful nylon strings of the acoustic was compelling.

Well done Brecon.

Garry Booth

BBC2 live recordings from Brecon: Pat Metheny (7 Oct); Michel Petrucciani (14 Oct); Special Vintage 92 (21 Oct); Irakere (28 Oct); Johnny Griffin (4 Nov)

INTERNATIONAL ARTS GUIDE

Figures released by London's West End theatres show a rise of more than five percent this year in the number of people going to the theatre – despite speculation that the recession was affecting attendances. The improvement is partly due to the comparison with poor business in 1991 following the Gulf War. But even compared with the record year of 1990, attendances for this year so far are down by only two percent.

Despite the recession, there is no shortage of promising shows lined up for the autumn. Hamlet at the Riverside Studios has a cast headed by Alan Rickman and Geraldine McEwan, directed by Robert Sturua (opens Sep 15).

The following night, the Almeida presents Euripides' Medea, with Diana Rigg taking on one of the most potent roles in the classical repertoire. And the night after that, the Young Vic presents Rosmersholm, Ibsen's vibrant drama of thwarted passion. Annie Castledine directs Francesca Annis and Corin Redgrave.

The National Theatre and Royal Shakespeare Company also have a strong programme. J B Priestley's chilling psychological thriller An Inspector Calls (1945) opens on Sep 11 in the Lyttelton. The poet Tony Harrison contributes a new work entitled Square Rounds, opening in the Olivier on Oct 1. The play conjures up the creative and destructive powers of science as chemists, desperate to bring new fertility to the fields of Europe, become the inventors of mass fatality for the 20th century. The piece is performed almost entirely by women.

Next week, the RSC brings its trilogy of Sophocles' Oedipus plays to the Barbican. Adrian Noble's production transfers from Stratford, where it was among the most highly regarded of the company's 1991 season. The plays can be seen separately in previews starting next Thurs, or all together in a three part programme starting next Sat at 16.30. The production will run till late November.

Kiss of the Spider Woman, the musical by Kander and Ebb, opens at the Shaftesbury Theatre on Oct 20 in a Harold Prince production. Harold Pinter's 1975 play No Man's Land is revived at the Almeida on Nov 2, with Pinter and Paul Eddington playing the roles created in the original National Theatre production by Ralph Richardson and John Gielgud.

EXHIBITIONS GUIDE

BALTIMORE

Walters Art Gallery Treasures of Medieval Russia: icons, illuminated manuscripts, painted sculptures, textiles, gold and silver mainly from the Russian State Museum in St Petersburg, evoking the Byzantine legacy of the Russian Orthodox Church. Ends Oct 18

Museum of Art Pleasures and Terrors of Domestic Comfort: 150 photos taken primarily during the 1980s by American artists, depicting scenes in and around the home. Also American Handcrafted Rugs dating from the early 19th century to the present. Closed Mon and Tues

EDINBURGH

Royal Scottish Academy Miró Sculptures: 70 works made between 1962 and 1974, forming the largest exhibition of the Spanish artist's sculptural work to have taken place in Britain. Ends Sep 20. Daily

National Gallery of Scotland Dutch Art and Scotland: the most important examples of Dutch painting to have entered Scottish collections, with outstanding works by Rembrandt, Vermeer, Hals and others. Ends Oct 18. Daily

Scottish National Gallery of Modern Art James Pryde (1866-1941): retrospective of a Scottish painter of powerful vision and originality. Ends Oct 11. Also J Craig Annan (1864-1946): 50 photographs by the Scot who achieved international fame for his poetic landscapes and sensitive portraits. Ends Oct 11. Daily

Scottish National Portrait Gallery Allan Ramsay (1713-84): 60 paintings and 40 drawings by the Edinburgh-born artist who became one of the finest portrait painters of his time. Ends Sep 27. Daily

● Combined tickets can be bought for all major exhibitions during the Edinburgh Festival. Admission to the permanent collections is free. Opening hours: Mon-Sat from 10.00 to 18.00, Sun 11.00 to 18.00. Information: tel 031-556 8921.

ESSEN

Folkwang-Museum Edward Hopper: paintings and drawings by the early 20th century realist painter of urban America, set alongside 100 photographs drawing inspiration from the same source. Ends Sep 27. Closed Mon

Villa Hugel London: World City 1800-1840. An exhibition reflecting London's wealth, dynamism and commercial strength in the era after the Napoleonic wars. Ends Nov 7. Daily

FRANKFURT

Städel Oskar Kokoschka and the Puppet: an exhibition exploring Kokoschka's preoccupation with the image of the puppet after the break-up of his relationship with Alma Mahler in 1915. The centrepiece is the collection of sketches Kokoschka made in 1918 for the Munich puppet-maker Hermine Moos. Ends Oct 18. Daily

INNSBRUCK

Schloss Ambras Hispania and Austria: the culture of the Hapsburgs – the patronage of their Catholic kings, nobility and clergy in Spain and Austria – is examined in this exhibition of 200 items, some never shown before. Ends Sep 20

LAUSANNE

Fondation de l'Hermitage Odilon Redon (1840-1916): 200 works by the French Symbolist painter whom the Surrealists regarded as one of the precursors of their movement. Ends Sep 21. Closed Mon

Musée d'Art Contemporain Post Human: the art world's reaction to the latest developments in technology, including works by Robert Gober, Jeff Koons, Cindy Sherman and other artists from Europe and Japan. Ends Sep 13. Daily

Musée Cantonal des Beaux-Arts Adolphe Appia (1862-1928): a collection of drawings by the influential Geneva-born artist and stage designer. Ends Nov 1. Closed Mon

LONDON

Tate Gallery The Painted Nude: from William Etty to Lucian Freud. Ends Dec 27. Also George Baselitz (b1938): prints 1964-90. Ends Nov 1. Turner and Byron: 70 works exploring Turner's interest in Byron's poetry. Ends Sep 20. Daily

Royal Academy of Arts Alfred Sisley. Ends Oct 18. Daily

National Gallery Manet: The Execution of Maximilian. Ends Sep 27. Daily

Imperial War Museum Wyndham Lewis (1884-1957): Art and War. Ends Oct 11

Courtauld Institute Drawing in Bologna 1500-1600. Ends Aug 31. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Expressionists: watercolours, drawings and prints by members of the Brücke. Ends Nov 1. Daily

Lenbachhaus Gabriele Münter (1877-1962): the most comprehensive retrospective yet assembled of the painter who was influenced by the Fauves, lived and worked with Kandinsky and ranks as one of the foremost female artists in early 20th century Germany. Ends Nov 1. Closed Mon

NEW YORK

Metropolitan Museum of Art Art of Islamic Spain. Ends Sep 27. Closed Mon

Whitney Museum of American Art Homecoming: William H Johnson and Afro-America 1938-46. Ends Oct 25. Closed Mon

PARIS

Parc de Bagatelle Henry Moore: 27 large bronze sculptures. Ends Oct 4 (Bois de Bologne)

Louvre Homage to Philip Pouncey. Ends Sep 7. Closed Tues

Centre Georges Pompidou Manifeste: a multi-faceted exhibition covering the past 30 years of creativity in visual arts, video, architecture and design. Closed Tues

Le Louvre des Antiquaires Les jardins du Baron Haussmann: documents and engravings showing Paris of the Belle Epoque. Ends Oct 4. Closed Sun and Mon (2 place du Palais Royal)

STOCKHOLM

Moderna Museet Helmut Federle: retrospective of the Swiss artist whose paintings employ geometrical figures. Ends Oct 11. Also Swedish classics: works from the period 1900-1945, drawn from the permanent collection. Ends Oct 4. Closed Mon

Nationalmuseum Louis Jean Desprez (1743-1804): topographical views, stage decorations and architecture by the French designer who captivated Sweden's King Gustav III. Ends Oct 4. Closed Mon

WASHINGTON

Arthur M Sackler Gallery Ancient Japan: an exhibition of 250 objects examining the early cultures of Japan. Ends Nov 1. Daily

National Gallery of Art Art of the American Indian Frontier: 150 objects produced by Woodland and Plains Indians in the 19th century. Ends Jan 24. Daily

National Museum of American Art Ralph Eugene Meatyard and Helen Levitt: retrospectives of two leading photographers. Ends Oct 18. Daily

National Air and Space Museum Star Trek Retrospective: props, costumes, models, photos and other Trekkie memorabilia. Ends Sep 7. Daily

FINANCIAL TIMES

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Friday August 21 1992

Privacy and the press

THE PUBLICATION of pictures of the Duchess of York, which no doubt she and the rest of the royal family would have preferred not to have appeared, or indeed been taken, raises – yet again – the question of whether there should be a law on privacy. It does so at a time when Sir David Calcutt QC is conducting, at the government's request, a new inquiry into whether such a law is desirable.

Sir David is also looking into the performance of the Press Complaints Commission, the body set up to replace the Press Council as a result of the first Calcutt Report two years ago. The PCC is an exercise in self-regulation. It was designed for the press to keep itself in order within the law. When the government accepted it on a non-statutory basis, it made it clear that the commission had only a limited period in which to demonstrate its worth. That is why Sir David has been instructed to look at the matter again.

The original Calcutt findings came down, like all previous reports, against a privacy law as such, largely on the grounds that a wholly satisfactory definition of privacy does not exist. However, the report made three proposals which could be the basis for Calcutt II. One was that it should be a criminal offence to enter private property, without the consent of the lawful occupant, with intent to obtain personal information with a view to its publication. The second concerned placing a surveillance device to the same end, and the third referred in similar terms to the taking of photographs and the recording of voices.

The good intentions are obvious. There are, however, strong objections. As Calcutt observed, privacy is hard to define; so in some circumstances is private property. More fundamental, it would be a twisted system which made one law for journalists and another for the rest of the population. Applying sanctions to information gained with a view to publication – as opposed to any other use to which it might be put – would be both arbitrary and discriminatory.

There is already a large body of law that affects the press. It includes libel, breach of confidence and copyright, let alone theft. There is also a civil law of trespass. It is the latter (which affects such matters as squatting, as well as the press) which seems not to work well. The case for strengthening the law of trespass in general is persuasive.

The Press Complaints Commission has attempted to set its guidelines in terms of the public interest. Its problem is that this is a very hard term to define. National newspapers do not have shared values, thank goodness, which means that a body which is set up to act as a collective conscience has a very difficult task on its hands. No one should expect too much of self-regulation when it comes to dealing with issues like yesterday's pictures. But however distasteful the behaviour of the press can be, legal controls would produce a much worse result.

German money

THE PARADOX of European monetary policy is that few, apart from the Germans, believe in the wisdom of targeting broad money. But all believe in the importance of fixed exchange rates. So willy nilly, everyone in Europe is a monetarist: when D-Mark broad money misbehaves, everyone must pay the price.

Nowhere is this paradox more striking than in the UK. Many proponents of ERM membership were critical of domestic monetarism. Now they must live with the targeting of D-Mark M3, instead. The question is whether many will come to condemn the Bundesbank's present targetry, as they do the targeting of sterling M3 in the early 1980s.

The Bundesbank argues that its attachment to D-Mark M3 reflects the solid empirical relationship between monetary expansion and inflation some three years later. Growth of D-Mark M3 at a provisional annual rate of 8.6 per cent between the fourth quarter of 1991 and July remains well above the official target of 3½ to 5½ per cent, which is based on what the Bundesbank thinks will give medium term inflation of 2 per cent. The growth rate of D-Mark M3 is now slipping back, but too slowly.

The Bundesbank is not simple-minded. It is well aware that broad money can be distorted by distress borrowing during an economic slowdown, by changes in wealth holdings in response to the structure of interest rates and by increased foreign demand for D-Marks. But it judges these various special factors to account for no more than one percentage point of monetary growth.

The principal motor of M3 expansion is credit expansion, most of it medium and long term. In the last six months, complains the Bundesbank, the annual rate of credit expansion to the private sector was 11 per cent. Nor does it accept that profit-seeking banks are simply seducing foolish clients into excessive borrowing, which would make high interest rates the cause of the excessive lending.

The question is whether anything can be done to curb credit growth, apart from high interest rates. The answer is yes. The Bundesbank complains of the effect of subsidies to lending in eastern Germany, arguing that such subsidies not merely increase the demand for credit, but reduce its sensitivity to interest rates. The culprit is the German government. It should recognise that its mistaken policies are now sacrificing German growth, not merely that of the rest of Europe.

Unhappily, a change of heart in Bonn does not seem at all imminent. For the moment, high German interest rates remain certain. It is hardly surprising, therefore, that the dollar is close to an all time low and sterling, at DM 2.8081, is only three pfennigs from its absolute floor within the ERM. The American authorities can, if they, wish, ignore the exchange rate slide. The British cannot. Bundesbank monetarism rules, in London as in Frankfurt.

No free lunch

For the post-communist governments of eastern Europe, the road to economic reform is proving so long and bumpy that some of them are now looking for short cuts that do not exist. The latest leader to succumb to the temptation is President Boris Yeltsin, who promised on Wednesday to provide every man, woman and child in Russia with a "ticket to a free economy" in the form of vouchers to purchase Rbs10,000 worth of privatised state property this autumn. It certainly sounds alluring: a scheme which promises, almost at a stroke, to rationalise rotten state industry, shift great swathes of it to the private sector, encourage share ownership and create a liquid capital market. Unfortunately, however understandable the motivation, the plan is an illusion.

Mr Yeltsin's wheeze is not new. Similar schemes are already being implemented or contemplated in several other east European countries – notably the disintegrating federation of Czechoslovakia, where more than 8.5m people are participating in a plan to transfer nearly $10bn worth of state assets to private shareholders.

The Czechoslovak policy illustrates the limitations and risks of mass privatisation. It was launched essentially for political reasons: to create a speedy mechanism for the transfer of state property to private hands and to give ordinary citizens a stake in economic reform.

Rather than the desired equity-owning democracy, however, the scheme seems likely to produce confusion. Most of those who have bought vouchers entitling them to shares have entrusted them to private investment funds promising inflated returns. These barely regulated funds are neither ready nor willing to inject the management expertise so badly needed by state enterprises; in consequence many of the old industrial bosses remain in control. And if the promised returns fail to materialise, the result could be a crisis of financial and economic confidence.

Russia's programme has defects of its own. For one thing, the timetable is impossibly tight. For another, since much of the equity is to be reserved for employees of the enterprises concerned, it does not look any more likely to produce competent management than the Czech scheme.

The lesson is that large-scale privatisation of state industry is no miracle cure for the old command economies. It is unwieldy to implement, politically divisive and cannot fulfil all the conflicting objectives which governments expect – spreading wealth among the citizens, injecting new skills into the economy and creating tradeable financial assets.

This may not matter all that much in the long run. The real future for eastern Europe lies in encouraging new private enterprises, not in extending the life of the old state sector. The worry is that in the shorter term, mass privatisation schemes that promise something for nothing may give capitalism a bad name.

Richard Lapper looks at turmoil in European insurance markets as cross-border takeover activity slows down

Expansion policy fails to pay off

The decision by Hafnia, Denmark's second-largest insurance company, to seek protection from its creditors, highlights the problems faced by the European insurance industry.

Hafnia's failure to transform itself into a pan-Scandinavian financial group capable of competing in the newly liberalised European insurance market coincides with a deterioration in trading conditions and a sharp slowdown in cross-border merger and acquisition activity by leading insurers.

Although few companies face problems quite as acute as those of Hafnia, European insurers confront straitened circumstances. Over the past two years they have incurred rising underwriting losses. Returns on capital gains – derived from the appreciation of property and other assets – have also declined. The going could get even tougher as companies adapt to the liberal regulatory framework enacted by the European Commission earlier this year and the more competitive environment it will help foster.

The example of Hafnia is instructive. Mr Per Villum Hansen, Hafnia's former chairman, was an exponent of the idea that big is beautiful. He believed the company was simply too small to compete in a liberalised Europe.

Although big in the tiny Danish market, Hafnia would be vulnerable to takeover from much larger competitors from France and Germany. So Mr Hansen turned to Baltica, Denmark's biggest insurer, to try to form a large financial conglomerate. "He wanted to refashion corporate Denmark," said one observer.

With the Baltica management unresponsive, Mr Hansen paid DKr3.8bn (£350m) for a 34 per cent stake in Baltica in an effort to force co-operation. Last year he switched his attention to Skandia, joining forces with UNI Storebrand, the largest Norwegian insurer, to buy a combined 42 per cent stake of Scandinavia's largest insurance company. But the deals left Hafnia over-extended. Total investment in Baltica and Skandia was equal to nearly twice the value of its own capital base.

Worse still Hafnia was exposed to the worsening conditions of the Scandinavian insurance markets, with insurance investments representing about a third of its total equity holdings. As the share price of Skandia and Baltica drifted downwards Hafnia was left with substantial investment losses, which have depleted its assets. On Wednesday, the company said its liabilities exceeded assets by DKr100m.

Nowhere in Europe has an expansionist strategy come so visibly unstuck. For other insurers, Hafnia is a warning of the dangers of over-ambition. However, few of the mergers, acquisitions and alliances agreed in the run-up to liberalisation of the market are proving successful, industry observers suggest. Acquisitions in the growing Spanish and Italian markets have proved particularly troublesome. The experience of Guardian Royal Exchange, the fifth-biggest UK company, which lost more than £70m in Italy after buying two small southern Italian insurance companies, is not unique.

Mr Claude Tagger, director of international development for Assurances Generales de France, the French company, says: "We saw lots of victory communiques in the late 1980s. Someone had bought a pearl in Spain or Italy. But many of these decisions were wrong. The acquired companies were in bad shape and their new owners lacked the capital to do anything about it."

Mr Alan Badanes, an American banker who is managing director of Chase Manhattan European insurance group, says: "The big successful acquisition has been the exception rather than the rule. Few if any are going well." He likens the pre-1992 takeover enthusiasm in European insurance to that in the City of London before Big Bang's deregulation of share trading, when foreign banks competed to buy securities houses.

Many of the deals were conceived in the bull markets of the late 1980s and the prices paid sometimes bore little relation to either earnings or assets of the target companies. Mr Simon Rudolph, an industry observer at Morgan Stanley, the investment bank, says AXA, UAP and Allianz overpaid when they bought Equity & Law, the UK life company, Toro of Italy and Viel Rhin et Moselle of France respectively. Mr Rudolph says "1992 fever" meant that insurers rushed to establish footholds in the growth markets regardless of cost.

Investors' fears about the wisdom of the recent overseas expansion of Allianz, the German group which is the largest insurer on the continent, help explain a recent 10 per cent fall in the group's share price. Allianz reported a worse-than-expected underwriting loss of DM1.78bn for 1991 last month, partly because of poor performance by overseas underwriting subsidiaries. During the 1980s the company spent some DM10bn making acquisitions abroad. Deutsche Versicherungs, the former state monopoly of eastern Germany acquired by Allianz in 1990, is not expected to make a profit until the late 1990s.

Sharply higher underwriting losses are also undermining enthusiasm for expansion elsewhere in Europe. The losses have been most acute in the UK, because of the sharp slowdown in the housing market and the severity of the recession. Domestic mortgage indemnity claims – in which insurers cover lenders against losses on the sales of repossessed properties – and recession-related claims for theft and arson have increased.

However, insurers in other European markets have also had to contend with heavier claims. French and German insurers, for example, have seen an epidemic of car theft, with thousands of stolen vehicles ending up in eastern Europe. Mr Rudolph cites evidence that 40 per cent of cars on sale in Poland had been stolen from western Europe. Last year the numbers of cars stolen in France rose by 21.5 per cent to 311,000.

Losses on commercial property insurance, where competition has depressed premium rates in recent years, have also been high. In France and Germany insurers have been paying £1.40 in claims and expenses for every £1 received in premiums.

The decline in the values of assets such as property and shares has weakened balance sheets and depressed income from capital gains. In France, capital gains from real-estate appreciation have been an important source of profits.

But operating conditions for many companies could deteriorate further as a result of the EC's programme of liberalisation. German, and possibly Swiss, insurers are particularly vulnerable because their insurance markets are more highly regulated and protected than elsewhere. For example, minimum price rules – which must now be scrapped – have guaranteed healthy profits for German motor insurers. German industry leaders expect competition in home and motor business to reduce traditionally wide margins and profitability.

Mr Henning Schulte-Noelle, chairman of Allianz, said in a recent interview that he was expecting "short-term" slippage in profits from domestic operations after Germany implements the European directives.

There are, however, signs that German banks and insurers are overcoming their traditional reluctance to compete with each other. Deutsche Bank's foray into the life insurance market with its purchase of 30 per cent of Gerling, the largest privately owned insurance company in Germany, serves notice that competition could heat up.

Already there are signs that European companies are adapting to the deflationary climate of the 1990s by adjusting their strategies to conserve capital.

French companies, the most aggressive expansionists in the run-up to 1992, are hinting that they will slow the pace of their acquisitions. Union des Assurances de Paris, Europe's second-biggest insurer in which the French government has a majority stake, increased its European premium income from markets outside France threefold between 1986 and 1990.

But Mr Jean Peyrelevade, chairman, said at the company's annual general meeting this year. "We will take a very long pause in our external growth. We have to organise and manage our operations and eliminate losses."

French companies are also starting to favour the development of long-term alliances, rather than outright acquisitions.

Assurances Generales de France, which has also been aggressive in acquiring European business, doubled its non-French income between 1986 and 1990. It recently won a long legal battle to have voting rights recognised on its 25 per cent stake in one of Germany's top insurers, Aachener & Munchener (AMB). The group says it is now committed to building a long-term relationship with its partner.

Mr Tagger, the AGF director for international development, advocates the need for economies of scale and increased market share, the same view which informed some of the acquisitions that are now running into difficulties. He says AGF aims to have a stake of 5 to 10 per cent in all the markets in which it competes, but says this can only be achieved through alliances and possible mergers with groups of a similar size.

Acquisition is "simply not on the cards. You can't double your size by buying your competitor," says Mr Tagger, adding that AGF would not have bought AMB even if it had been able to do so. "We have to find new ways. Alliances are necessary," he concludes.

Other observers believe that insurers may reappraise strategies in a more fundamental fashion as companies increasingly make profitability a bigger priority than increase in market share.

In the US many multi-line insurers (which sell the full range of life and non-life policies) have abandoned efforts to have a sizeable share in every insurance product and every state, preferring instead to develop strengths in a restricted number of markets where they have special experience and expertise.

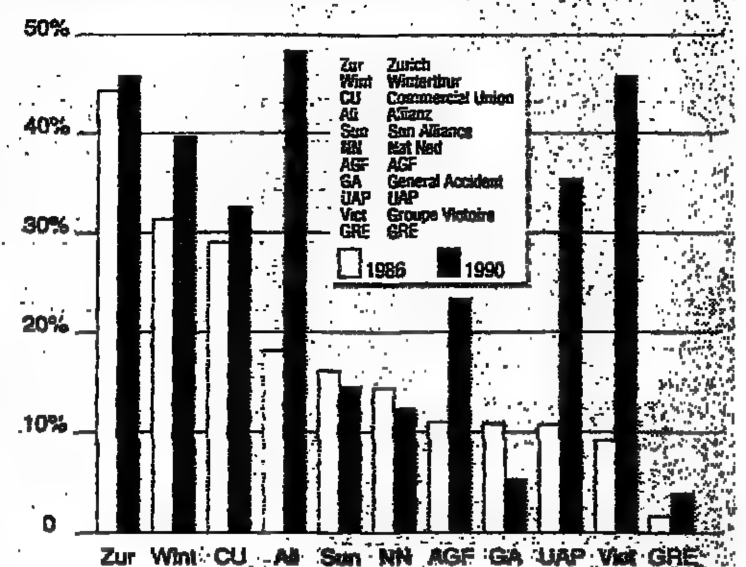
Mr Badanes of Chase says the pattern could be repeated in Europe. Although the market for reinsurance and large-scale commercial risks – the policies bought by multinational companies – will remain genuinely international, Mr Badanes expects the markets for smaller commercial and personal insurances, such as motor and home insurance, to continue to develop along national lines.

He predicts that many of the larger groups could begin to break up in the 1990s. "The unravelling is just beginning. The big groups won't breathe the word divestiture, but they'll quickly respond to any unsolicited offer for one of their subsidiaries."

Additional reporting by David Waller in Frankfurt

European empire builders

Proportion of premium income coming from European countries other than the home country



European acquisitions by major insurers

PARENT COMPANY	COUNTRY OF ORIGIN	SUBSIDIARY COMPANY	COUNTRY OF ORIGIN	DATE ACQUIRED
AGF	France	48% of MAA Assicurazioni	Italy	1989
AGF	France	Insurance Corp. of Ireland	Ireland	1990
AGF	France	L'Escaut	Belgium	1990
AGF	France	25% Aachener & Münchener	Germany	1991
Victoire	France	23% Baltica	Denmark	1989
Victoire	France	Nieuw Rotterdam	Neths.	1989
Victoire	France	Colonia	Germany	1989
Victoire	France	Prudential Italy	Italy	1990
UAP	France	Royal Belge	Belgium	1987
UAP	France	Allsecures	Italy	1988
UAP	France	GESA	Spain	1990
UAP	France	Remaining 40% of Sun Life	UK	1991
Allianz	Germany	Cornhill	UK	1986
Allianz	Germany	Riunione Adriatica di Securtà	Italy	1987
Allianz	Germany	Via/Rhin et Moselle	France	1989
Winterthur	Switz.	Nordstern Allgemeine 37%	Germany	1987
Winterthur	Switz.	Interconfinentale	Italy	1988
Winterthur	Switz.	Churchill	UK	1989

Source: Datamonitor

Not always a class act

Andrew Adonis on exam pressures facing schools

The tribulations of Mrs Helen Williams, forced to resign as high mistress of St Paul's Girls' School, London, have been reported largely in terms of personalities and the power of school governors.

It is familiar saga: new head, following a charismatic and forceful predecessor, falls foul of staff and governors and is out within three years. Many independent schools can tell tales of heads despatched in similar circumstances. Before long, state schools will join them, as their governors gain ever greater powers to hire and fire.

Behind the events at St Paul's lie two more novel and significant issues. First, are Britain's leading independent schools now no more than exam factories servicing a narrow parental demand for "results"? And second, in their determination to give parents "results", have the public schools stopped experimenting and thus ceased to influence the national debate about curriculum reform and the content of education?

Parents footing the bill for school fees certainly see themselves as paying for high exam grades. A 1989 Mori survey of parents with children in the independent sector found "exam results of school" to be the second most frequently mentioned factor in choice of school, the first being "good discipline".

The typical Mori parent would have little to complain of at St Paul's. Ranked 11th across the country in this March's FT-500 survey of last year's independent school A-level results, nearly three-quarters of all its A level entries were graded A or B, with virtually all its sixth-form leavers proceeding to higher education and more than a third going to Oxford or Cambridge. If London's upper-middle class wants better value for its £5,000 a year, it would be hard pushed to find it.

Exam results nonetheless played an important part in the rumpus at St Paul's. Mrs Williams wanted her pupils to take only five or six GCSEs, with girls following broader and more original study programmes leading directly into A-level work. Her scheme was resisted by parents, worried that their offspring would no longer have a dozen GCSE grade As to wave before Oxbridge admissions tutors before taking their A-levels.

The conflict was ironic since, as Ms Kate Flint, senior tutor of Oxford's Mansfield College and a former pupil at the school, wrote to the press earlier this week, in the 1970s girls at St Paul's were restricted to six O-levels at 16, avoiding subjects to be pursued at A-level and "instead following a stimulating variety of internally organised courses". Several other schools with top-notch academic records used to follow a similar policy, but have also largely abandoned it in response to evident or anticipated parental disquiet.

The lack of breadth in the A-level curriculum is a matter of concern across the spectrum

Parents are misguided if they think that a string of GCSEs is necessary for a pupil from the likes of St Paul's to impress Oxbridge. Ask most admissions tutors and they will tell you that the capacity to garner a mass of GCSEs is taken for granted. They are more concerned about reasoning ability and academic breadth and curiosity. Says Dr Michael Hart, senior tutor of Exeter College, Oxford: "If a student has half a dozen As at GCSE, he or she has demonstrated enough. Far more impressive than the number of GCSEs is the breadth of subjects being studied at A-level."

The lack of breadth in the post-16 A-level curriculum is a matter of acute concern across the education spectrum. While most of their continental counterparts keep going with maths, a science and a foreign language, England's brightest sixth formers need not – and a large proportion do not – study any of them. Even the Head Master's Conference has spoken in favour of reforming the traditional three-subject A-level course – to which the government remains resolutely wedded – into a broader, more balanced curriculum.

But when it comes to leading the way, the independent sector is hardly to be seen. The widely respected international baccalaureate (IB) already offers a six-subject post-16 curriculum, obliging students to study English, maths, a foreign language, a science and at least one other humanities subject. Yet only a handful of independent schools take the IB, and those few (such as Sevenoaks School in Kent) have a strong international bias to their pupil intake.

Why don't more follow? Mr James Sabben-Clare, headmaster of Winchester College, says he looked "long and hard" at the IB, but was dissatisfied with the detailed curriculum for maths and science. One prominent headmaster was more blunt: "Frankly, my parents wouldn't swallow it: they've never heard of the IB, and don't think it's what gets their little Johnnies into Balliol."

The independent sector led the way in the development of English education. England's state grammar schools were carbon copies of the great public schools in their curriculum and teaching. As late as the 1960s, innovative projects owed much to independent-sector leadership.

If the likes of St Paul's are now terrified to experiment for fear of parental backlash, only government quangos will be left to try out new ideas for teaching our children. And the government, we know, has a patchy record when it comes to reforming the education system.

SIMPSON'S NEW EXPANDED MEN'S CASUALWEAR DEPARTMENT NOW STRETCHES ALL THE WAY TO THE CONTINENT.

Nautica, J.O.E, Jézéquel, Valentino. Are these the kind of names you expect to hear bandied about at Simpson? Yes is the answer, because in our new Men's Casualwear Department on the second floor, there are now more international designer names then ever before. Of course, the very highest standards of tailoring demanded from our traditional English designers still apply. So while a lot of these names sound rather foreign, they're all very much at home at Simpson Piccadilly.

DAKS Simpson PICCADILLY

Heaven can wait, but Yugoslavia cannot

Edward Mortimer observes attempts to mediate and prevent conflict in the republics of Croatia and Macedonia

We all know that the European Community exists, but only privileged mortals have actually seen it. This week I became one of them. On the war-scarred mountain roads of Croatia, Europe appeared to me in tangible form. It took the shape of *two white vehicles*, a Fiat and an off-road Mercedes. One was driven by a Frenchman, the other by a Spaniard, and both flew the dark blue flag with 12 gold stars.

Republics of former Yugoslavia: divided and conquered

I not only saw the cars, I rode in them. They transported me to the mysterious "Serb Republic of Krajina". I visited its capital, Knin, where I met its president, Mr Goran Hadzic.

Europe is powerful, but not omnipotent. The ex-Yugoslav world is a Homeric one, in which rival deities maintain an uneasy coexistence. In principle, the dark blue flag can circulate at will throughout the land. In practice there are roadblocks and checkpoints to be negotiated. To get to Mr Hadzic's mountain kingdom, starting from the Dalmatian port of Split, you must first pass a Croatian army checkpoint, then a UN one, then one operated by the Serb militia.

Among these various deities, the UN enjoys a Zeus-like primacy: the light blue flag takes precedence over the dark blue. This was manifested in the fact that the longest hold-up occurred at the UN checkpoint. Mr Thierry de Beaucé, *chargé de mission* at the Elysée and personal envoy of Lord Carrington, sweated under the harsh Balkan sun while Kenyan soldiers of Unprofor (the UN Protection Force) discussed among themselves, in Swahili, what to do about the fact that they had received no order to let him through. It took half an hour, and *several phone calls* to Split, to sort the matter out.

There is scarcely a civilian inhabitant to be seen, only deserted villages of destroyed houses

Mr de Beaucé, a French novelist, is vice-chairman of the Carrington peace conference, with special responsibility for problems of national minorities. While the conference has been notoriously unsuccessful in stopping the war – it took the UN to do that in Croatia, and no one has yet done it in Bosnia – it has busied itself trying to work out political solutions to the underlying conflicts: those that have already caused fighting, and those that might do so in the future. This week's mission, on which I was invited as an observer, dealt with one conflict in each category.

The status of the Krajina Serbs was the main issue at stake in the war in Croatia last year. The results were all too visible along our route through the "pink zone" – an area not included in the UN Protected Area but, because before the war it was populated entirely by Croats and under the peace plan drawn up by Mr Cyrus Vance, the UN special envoy, it is supposed to revert to Croat administration – for the moment, under *de facto* Serb control. There is scarcely a civilian inhabitant to be seen; only deserted villages of destroyed houses.

Mr de Beaucé's task was to persuade Mr Hadzic to embark on negotiations with the Croatian government. The Krajina or "frontierland" – so-called because it was formerly on the frontier between the Habsburg and Ottoman empires – was part of Croatia until last year. As far as the EC is concerned, it still is. This is why Mr Hadzic's people come within Mr de Beaucé's terms of reference. Needless to say, that is also the *view of the Croatian government*.

But that is not how Mr Hadzic and his associates see the matter. They maintain that their self-proclaimed republic is now independent, and much entitled to international recognition as Croatia itself. If it forms part of any larger entity in the future, it should certainly not be Croatia but a federation of Serb states, presumably including Serbia proper, Montenegro, and the equally self-proclaimed "Serb Republic" in neighbouring Bosnia.

The outcome of the war in Bosnia is indeed crucial to Krajina's future. That war has enabled the Serbs to establish a 30 km-wide corridor across northern Bosnia, linking Krajina to Belgrade and thus enabling it to receive supplies. This has given new confidence to Mr Hadzic and the people around him, encouraging them to reject out of hand any suggestion that they might revert to any kind of special status within Croatia.

Mr Hadzic admits that had Croatia offered before the war the concessions it is offering now the Serbs would have been delighted. But he adds that if he agreed now to negotiate on a *special status* within Croatia, "I should be signing my own death warrant".

Since it is equally clear that Croatia will not accept Krajina's independence, the only hope seems to be that talks might begin on certain concrete points so as to re-establish a minimum of trust and communication between the two sides. Mr Hadzic suggested that Croatia should start by allowing 20,000 Serb refugees to return to their homes in western Slavonia, in central Croatia.

The fact that he thought they would be willing to do so, while the area remains under Croatian government control, was the only even mildly encouraging sign I could glean from the visit. Since there are many more Croat refugees who wish to return to areas now under Serb control, there might be the makings of a deal here, if the UN could guarantee the security of the returnees on both sides. But even that would certainly not be easy to negotiate, with feeling already rising in Croatia against the UN force, whose presence is seen by many as helping to legitimise and perpetuate Serb control of the protected areas.

The EC's chances of putting Croatia together again cannot be rated high. But perhaps at least it can help prevent Macedonia from falling apart. That was the other object of Mr de Beaucé's trip, which took us to the lakeside resort of Ohrid, in the south-west of the Macedonian republic. There we were entertained by the president, *Mr Kiro Gligorov, despite the* fact that the EC has still not recognised his republic, even though advised by its own arbitration commission that Macedonia fulfils all the criteria for recognition.

There is still that awkward problem of its name. The EC, *in deference to Greece, has* offered to recognise the republic under any name that does not include the word "Macedonia". But the republic's inhabitants, *whatever* their ethnic and linguistic connections with Bulgarians and other Slavs, are used to being Macedonians and would not recognise themselves under any other name.

Or rather, that is true of the majority of the republic's inhabitants. A large minority, probably about 25 per cent, are not Slavs but Albanians and consider themselves the victims of various kinds of discrimination and repression by the Macedonian majority.

The only hope seems to be that talks might begin on certain concrete points to re-establish a minimum of trust

The Albanians are, however, about to join a coalition government with Mr Gligorov's party, and both sides seem aware of the importance of solving their differences peacefully.

The risk that they might end up in a similar position to Serbs and Croats is real, especially if fighting breaks out between Serbs and Albanians in neighbouring Kosovo. Yet both also clearly valued Mr de Beaucé's presence, knowing that without third-party involvement they would find it hard to communicate. "We shall always need your help," he was told by Mr Halili, leader of the main Albanian party.

"Europe", it seems, is still in demand in the Balkans, whether west Europeans want it or not.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. *Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution*

Feather bed candidates and culture

From Professor Ronald Dore.

Sir, There was a splendid contradiction on your Leader page on August 19.

Your Leader records how Japan's economic managers have (albeit you think unjustifiably) been able to watch the stock market fall to 35 per cent of its one-time value *with equanimity* and only now resort to marginal fiddles to help banks adjust.

Below that, in Personal View, Sir Alan Walters and George Guise explain how South Africa's industrial financing system – extensive share *cross-holdings, with takeovers* virtually impossible – is the source of that economy's inefficiencies. South Africa's corporations will never pull their socks up until the stock market assumes central importance and becomes a market for corporate control, not just *for income-flow rights.*

Where have they been during the short-termism debate of the past five years?

The South African system is almost a replica of Japan's. It is precisely the peripheral importance of the stock market to the real economy that explains the equanimity of Japan's economic managers. Freed from the fear of takeovers, industrial managers can concentrate on the long term; they can keep, not lay off, their human capital when share prices are tumbling, while continuing to invest. That is why "recession" in Japan means growth below 3 per cent.

Can it be that Anglo-Saxons need the spectre of takeover artists to make them efficient? Give Anglo-Saxons a feather bed and they immediately lie on it? But give one to a Japanese *and he works harder* so as to look forward in better conscience to bedtime? I hardly think Walters and Guise would be the ones to resort to such a leopards-and-spots cultural argument.

Ronald Dore,
professor of sociology,
Centre for Economic Performance,
London School of Economics,
Houghton Street,
London WC2

Clinton's borrowing plans are defensible

From Prof Rudiger Dornbusch.

Sir, Stephen Roach's criticism of prospective Clinton deficits ("Clintonomics: a clear sense of deja vu", August 18) does not look at the alternatives and, hence, misses the point. President Bush is on the verge of catering to the nation's tax phobia by offering *further tax cuts without any* constructive proposal to work the supply side. For Mr Bush, supply side economics has become tantamount to capital gains tax cuts and, for his rightwing supporters, deficits are the best weapon for strangling big government.

Governor Clinton puts social peace and productive potential at the centre of his national strategy. These are investments and, by the precepts of classical public finance, borrowing to invest is perfectly sensible. It would surely make little sense to wind up with an *economy that had its accounts* balanced but also had more illiteracy, yet poorer skills, more unemployment and more riots such as those in Los Angeles.

Mr Bush repeatedly tells Americans that they deserve tax *cuts and* that he will balance the budget – if only *he* has a co-operative Congress. After a decade of growing deficits under the Reagan-Bush banner, that is like saying give me flying pigs and I will have an air show.

Mr Bush has less claim to credibility on this count than any politician on the globe – certainly far less than Governor Clinton, who understands that the chance for budget balancing was missed in 1988, at *full* employment, and must be seized at the next best opportunity. Unlike Republicans, he does not believe that taxes will kill America, but that joblessness, illiteracy and disillusion will do so.

With deficits to come for many years, whoever is in the *White House, the issue is not* the deficit but what it will buy. Republicans say deficits are an investment in cutting the size of government: big deficits create and maintain pressure to cut spending, and make for lower taxes now and less government later. In other words, *have your cake and eat it.*

Democrats recognise that someone has been eating America's cake. Unless there is a change of course, America will become unrecognisable.

Rudiger Dornbusch,
Ford international professor of economics,
Massachusetts Institute of Technology,
Cambridge,
Massachusetts, 02139, US

Slipping out of a negative equity trap

From Ms Andrea Dipple.

Sir, The Bank of England estimates that 1m households are trapped in homes worth less than the loans upon them ("Mortgage debt traps 1m households", August 17). It adds that only 100,000 of these households are in this position through mortgage arrears or further loans secured on their properties. Thus, about 90 per cent of households pose no immediate credit risk.

When will building societies realise that an option is to allow non-arrears households to move and take their "nega*tive equity" with them, to be* paid off over the period of the new mortgage? The building societies would expose themselves to no added risk as "negative equity" is, in effect, an unsecured loan. This, with increasing volume in the housing market, would boost the *economy without artificially* distorting the market.

I am in such a non-arrears "negative equity" trap. I work 75 miles from home but my salary has doubled since I took out my mortgage. The societies should help good customers, not only those in arrears.

Andrea Dipple,
25 Smugglers,
Hawkhurst,
Kent TN18 4HZ

Adequate money advice service is crucial

From Lord Ezra.

Sir, I support the views of your Leader (August 19) on money advice.

I was chairman of the money advice funding working party set up on the recommendation of Sir Gordon Borrie as direc*tor general of the Office of* Fair Trading. The working party represented the finance industry and consumer organisations.

It unanimously recommended in January 1990 that there was an urgent need to strengthen money advice services and that the contribution from the private sector should be £9m spread over three years. It also proposed that a money advice trust be set up.

You correctly indicate that little has been contributed towards meeting that target, regarded as minimum. *I have* the impression, from meetings with certain financial institutions, that an important reason for their reluctance to contrib*ute to a central fund* is that they consider they already do a great deal to advise customers who may get into debt with them.

But I fear that this is missing the point. The majority of those with serious personal debt problems owe money to a number of organisations. These might include not only building societies but also gas and electricity suppliers plus the local authority. In cases of multiple debt it is essential that there be an independent money advice service.

If voluntary arrangements for funding it cannot be made then something akin a mandatory system should be envis*aged. So long as a serious pri*vate debt problem persists it is a social imperative that there should be an adequate money advice service.

I believe the government should immediately take the initiative with the financial institutions and others to work out a plan of action.

Derek Ezra,
House of Lords,
Westminster, SW1

OBSERVER

Evacuee from Downing St

■ Anguish and red-faces in Whitehall at the prospect of John Major returning home from his Spanish holiday on Sunday to find that he has joined the swollen ranks of London's homeless.

His flat above the shop at 10 Downing Street is uninhabitable because of large-scale building works to strengthen its defences against terrorist attacks. Windows are being ripped out and walls reinforced in the wake of last year's IRA mortar attack.

Major had planned to stay in his constituency home in Huntingdon while the work was completed. But that was before the convening of the Yugoslav peace conference in London next week. Becoming a commuter from Huntingdon or Chequers would prevent him from working with the officials preparing for the conference.

Contractors are now working frantically but officials admit that there may not be time to put back the chintzy furniture and bomb-proof floral curtains.

One suggestion is that Major will have to borrow the spare room in Douglas Hurd's London house at Carlton House Terrace.

Of course, there are one or two nice hotels in the area but the Treasury would be reluctant to foot the bill. So Observer will happily pass on to No 10 any offers of a few nights' cheap and cheerful B&B. Brixton might be a favourite.

Graduating

■ After years of struggle, McDonald's is to open its first store in fusty Cambridge on Saturday. The brash hamburger chain has won over the sedate city with its promise of a narrow shopfront, non-tropical hardwood timber, murals of historical buildings and the banishment of its normally huge "Golden Arch" symbol to a discreet hanging sign.

But its latest press release suggests that the efforts to be "sympathetic to the surrounding environment" have gone to its head. "A colonnaded central walkway containing seating alcoves is similar to that of the The Wren Library at Trinity College . . ." it burbles. Milk shakes all round for the burghers of Cambridge from Ronald *McDonald, MA(Cantab)?*

Natural

■ Guess who is on Baring Brothers' capital markets team advising the government on its offer to BT and the *electricity companies to let* them buy their debt back?

Meet Peter Lovibond. No doubt he is happy in his work.

Outspoken

■ Will Vadim Hetman, chairman of the National Bank of Ukraine, quit after his very public dressing down by Ukraine's President Kravchuk? Ukraine's central bank has only been running for just over a year and Hetman is already its second governor.

A 57-year-old technocrat who ran Ukraine's largest commercial bank before being chosen to shake up the national bank, Hetman is no westernised whizz-kid. But his technical competence combined with his ability to work the old party network made him an effective choice.

However, in his quest for the status enjoyed by his western peers, Hetman has already got a taste of the

political dangers of central bankers who speak out of turn. Humiliated by the dizzying collapse of the coupon, Ukraine's pseudo currency, Hetman has laid into the government's massive deficit *and called for restrictions* on credit and spending.

The betting is that Hetman will soldier on. But his credibility will not survive many more such outbursts.

Official rescue

■ It is not often that the British government has a lot to thank Mexico for, but Prime Minister John Major and his embattled chancellor should light a candle for their counterparts in Mexico City.

Normally the Paris-based Organisation for Economic Co-operation and Development issues its annual review of the UK economy around this time of year. Bearing in mind the UK's economic woes, the next report wouldn't make happy reading for a government desperate for good news.

But Mexico – which wants to join the 24-nation think-tank – stepped in and asked the OECD at short notice to run the rule over its economy as a prelude to membership. The only way this was possible was for the OECD economists who would have written the UK report to switch their attention to Latin America.

The sighs of relief from Great George Street are almost audible. Had the organisation's report appeared on schedule, Treasury officials might even have had to interrupt chancellor Norman Lamont's Italian holiday to deal with it. It probably won't appear now till early next year.

Brain drain

■ *Just think of the comments* if the next editor of The Economist or The Spectator were an American. However, the steady drift of British writers stateside has become so commonplace now that it is hardly noticed.

Alexander Chancellor, a *former editor of The Spectator* and founding editor of the Independent magazine, is the latest to join the gravy train. He is joining Tina Brown at the New Yorker and his defection comes only a few weeks after Lynn Barber, another Independent star, *announced that she will be* a contributing editor of Vanity Fair, Tina Brown's old charge. Barber will continue to write for the Independent, but Andreas Whittam Smith does not disguise his concern at the loss of Chancellor.

Given that British film directors are making an increasing mark in Hollywood, can the media exodus from Britain just be explained away by higher salaries?

Digital duties

■ *If Ambassadors kiss hands* on accepting or retiring from office, will financial advisers soon be required to kiss toes?

CONTRACTS & TENDERS

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Products: cast pieces from special steel, especially single pieces and small series (jobbing foundry) for pump and fittings *industries as well as industrial furnace* building. Production done hand, machine and core block formed.

Capacity: 3,500 t cast pieces per year (expandable).

Manufacturing potential: melting furnaces, moulding shop, cast devices, machines for model making and mechanical processing of cast pieces (planing, lathing, milling, drilling).

Employees: 70 highly qualified workers (as of Oct. 10, 1992).

Area and Grounds: 29,285 m² total area, subdivided into two areas, separated by Georg-Schwarz-Straße.

Area 1: 16,785 m², of which 10,769 m² *have been developed* with
- Production complex (foundry), built 1900 (extended up to 1968);
- Administration building, built 1900, three-story;
- Social building, built 1958, three-story.

Area 2: 12,500 m², of which 5,324 m² have been developed with a production building, built 1941, equipped with social rooms and offices.

Both areas are connected to the public utilities system; Area 1 has a siding track on the premises.

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Location: outskirts of Leipzig, 7 km from the city center, direct connection to bus lines; 4 km from autobahn A 14.

Products: continuous cast and chilled work from gray cast iron for machine building, especially for hydraulic industry, machine *tool manufacturing and polygraphic* machine building.

Capacity: 21,000 t cast iron ware per year (expandable).

Manufacturing potential: melting furnaces, holding furnaces, casting installations, cast sections, bogie hearth *annealing furnaces (heat treatment),* machines for cast preparation, laboratory equipment, casting devices, gantry crane.

Employees: 57 highly qualified workers (as of Oct. 1, 1992).

Area and Grounds: 46,050 m², of which 15,426 m² have been developed with
- Two production complexes (foundry and machine construction), built 1912, brick construction;
- *Utilities (transformer station,* machine house and boiler room);
- Administration building, built 1913, three-story;
- Social building, built 1913, two-story.

The property is connected to the public utilities net and has a siding track on the premises.

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Closing date for all bids: October 2, 1992, 12:00 p.m., Room 3207 at the

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Top economist says official growth forecasts for 1992 cannot be met

Warning on German recession

By Christopher Parkes in Bonn

GERMANY is in danger of sliding into recession, one of the country's leading economists said yesterday.

Professor Herbert Hax, chairman of the group of independent government advisers, known as the "five wise men", said growth forecasts for 1992 could not be met.

Mr Otto Lambsdorff, leader of the Free Democrats, the minority party in the governing coalition, also warned that recession would be unavoidable if financial, monetary and pay policies were not better integrated.

He said he did not believe this week's government forecasts of 3 per cent pan-German growth for the next five years.

The assumptions on which they were based were too optimistic, he added.

According to Prof Hax, the effects of the weakness of the dollar on exports and of over-generous wage settlements on company profits had compounded difficulties caused by the feebleness of the US recovery and the lack of improvement in the UK.

Recession was not far away, he said in an interview to be published in Handelsblatt, a business newspaper, this morning.

The warnings, which followed a steady and accelerating flow of gloomy economic and corporate indicators, suggested a distinct change of mood.

In spite of mounting indications that Germany could not remain insulated indefinitely from economic conditions elsewhere in the world, establishment figures have carefully avoided referring to recession.

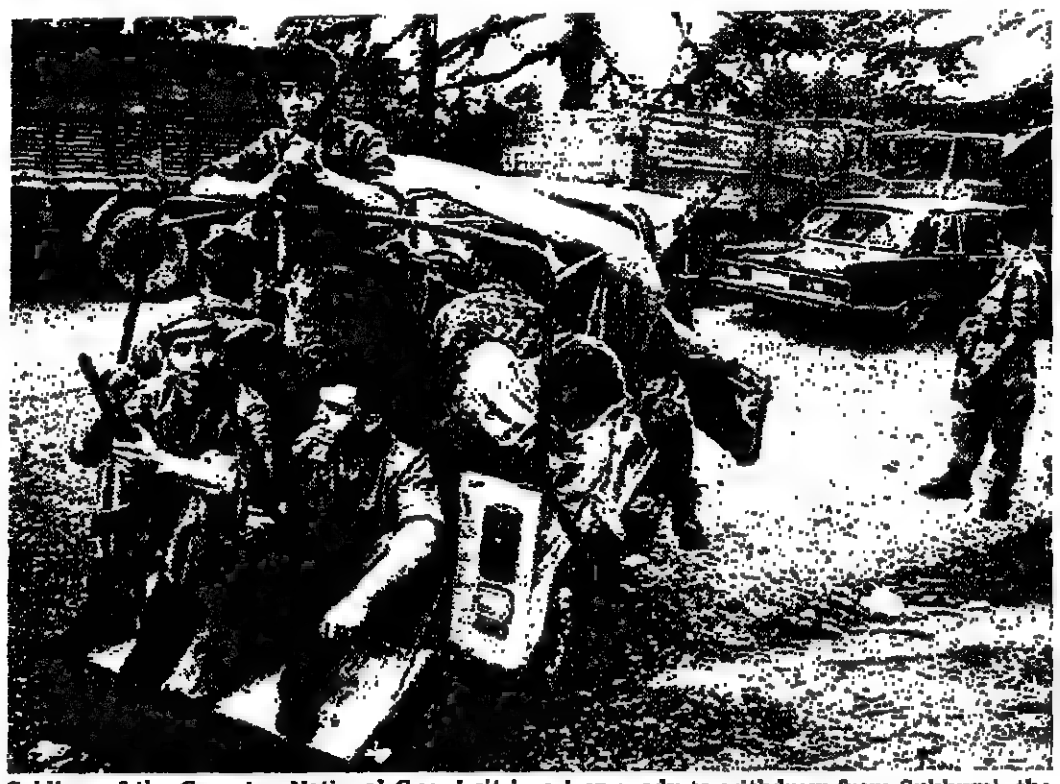
The country's economic condition has consistently been described as a "lull". Senior officials at the Bundesbank said only last week that recession was not a threat.

Mr Lambsdorff's intervention, amounting to an attack on the credibility of the economic ministry, came in the form of an appeal for all efforts and investment to be directed towards rebuilding the east.

If the west lost its economic strength, then the east would suffer, he said. Wage increases must be held below productivity gains in the west. Pay deals promising easterners parity by 1994 must be revised, and the Bundesbank must stick to its restrictive monetary policy.

The relatively up-beat medium-term forecasts from the economics ministry, which were attacked by Mr Lambsdorff, were based on assumptions that wage rises would slow; the international economy would recover; eastern European markets would stabilise; the Gatt trade round would be concluded successfully, and state spending would be controlled.

On that basis, average annual growth between 1992 and 1996 would be 2.5 per cent in the west and 9 per cent in the east.



Soldiers of the Georgian National Guard sit in a jeep ready to withdraw from Sukhumi, the capital of the region of Abkhazia, after tightening their grip on the separatists. The troops were replaced by police from the Georgia Interior Ministry

Stalin's legacy, Page 2

Finland proposes further cuts in spending

By Robert Taylor in Stockholm

THE FINNISH government yesterday proposed deep cuts worth nearly FM6bn ($1.5bn) in next year's budget. The decision follows cuts agreed in June totalling an estimated FM7bn.

The cabinet was forced to make further downward revisions in its spending programmes for 1993 because of a soaring budget deficit, fuelled by the cost of growing unemployment, which the government estimates will average 13 per cent in 1993, and provisions by the state of FM20.8bn this year to rescue the ailing banking sector from collapse.

The latest cuts will involve a 4 per cent reduction in central and local government administrative costs as well as savings from reduced expenditure on transport, agriculture, housing and provision of child care facilities. The numbers entitled to unemployment benefit will be reduced.

In addition, the cabinet announced rises in energy taxes to double the yield to FM1bn, further damping depressed domestic demand.

The latest bout of cuts underline the continuing fragility of Finland's economy in spite of an improvement in its export performance, low inflation and signs of a recovery in profitability in both the metal and forestry sectors.

The squeeze on welfare spending in Finland can be expected across the Nordic region this autumn as governments tackle budget problems caused by falling revenues due to recession, and rising demand for benefits caused by high unemployment.

In Sweden, the cabinet faces a tough round of cuts as the country's budget deficit looks set to climb to more than SKr80bn ($15bn). Norway's oil and gas revenues have enabled that country to avoid big cuts in government spending, but the budget deficit is climbing and some reduction in public expenditure looks likely.

Continuing high market interest rates reflect persistent international unease about the Finnish economy, although Mr Michel Camdessus, head of the International Monetary Fund, took a positive view of its future on a visit to Finland recently.

The markets are looking ahead apprehensively to next month's difficult centralised wage negotiations. The employers are seeking a three-year deal with no pay rises, a demand the trade unions are unlikely to accept.

In October, Prime Minister Esko Aho and his colleagues in the Centre party-Conservative coalition face a difficult test of their political popularity with the country's local government elections.

The current concern is the likely size of the public deficit. It is expected to rise by FM68bn this year to a total of FM185bn. ETLA, the country's independent economic forecaster, believes Finland's public debt will level off by 1996 to about 50 per cent of its gross domestic product.

Enron buys gas share from Chevron in UK expansion

By Neil Buckley in London

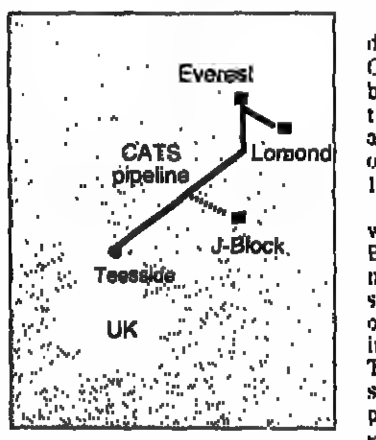
ENRON EUROPE, a subsidiary of Enron Corporation, one of the largest gas companies in the US, signalled its intention yesterday to become a significant player in the UK gas market by purchasing substantial North Sea gas interests from Chevron UK, the oil company.

The deal will allow Enron to market large quantities of gas to power generators and big industrial users in north-east England, where it is leading a consortium to build one of the largest power stations in the UK. It already had plans to market surplus gas from this project.

Enron acquired Chevron's 25 per cent share in the so-called J-Block, in the central North Sea, comprising the Joanne and Judy fields. This will give it about 190bn cubic feet of gas and 12.6m barrels of natural gas liquids.

The deal also provides for Enron to purchase Chevron's 25 per cent interest in North Sea block 30/7b. The purchase price was not disclosed.

"We view this as our first big step into the gas marketing and natural gas liquids arena in the UK," said Mr Raymond Kaskel, Enron's president and chief operating officer.



Enron is building a 1,725 megawatt gas-fired power station at Imperial Chemical Industries' Wilton site in Teesside, north-east England. The £800m plant is due to come into operation in April 1993.

Gas for the plant will be transported to Teesside from the Amoco-operated Everest and Lomond fields in the North Sea via the new 255-mile Central Area Transmission System (CATS) pipeline.

The interests acquired yesterday will also be tied into the CATS pipeline and will be a big boost to Enron's marketing ambitions when the two fields, operated by Phillips Petroleum, come onstream, probably at the end of 1995.

According to an agreement with the Office of Fair Trading, British Gas, the privatised former monopoly supplier, pledged to surrender 50 per cent of its share of the industrial gas market to independent marketers by 1995. The threshold above which consumers can buy gas from independents was also recently lowered from 25,000 therms a year to 2,500 therms.

However, those agreements are being reviewed as part of a comprehensive study of the UK gas market by the Monopolies and Mergers Commission.

Mr Kaskel said Enron was keen to acquire other sources of gas but would initially concentrate on marketing only to the biggest gas consumers. He said Enron would consider building its own pipelines, if this were economic, and marketing to smaller industrial and commercial consumers in a few years' time.

UK sell-off

Continued from Page 1

Haddy, a Barings assistant director. "The companies are not getting it on the cheap."

The proceeds will count towards the Treasury's target of £8bn in privatisation proceeds for the current financial year. The sale plan calls for the creation of two bidding pools comprising, on the one hand, the electricity companies, and, on the other, BT and interested third parties. Barings said its proposals were cheaper than the alternative of selling loans to third parties. All told, the government estimates that some £3.74bn of its loan assets are marketable, comprising £1.69bn of BT loan stock and £2.05bn of electricity company debt.

Bush promises 'new ideas'

Continued from Page 1

Hillary is ridiculous. You'd think he was running for First Lady instead of for president."

So far, fragmentary polls suggest only modest success for the Republican attempt to discredit the Democratic nominee.

A CBS overnight survey did find a six-point drop in Mr Clinton's favourable rating, but no increase in Mr Bush's. This poll did not ask for voter intentions. But a Washington Post/ABC survey, which concluded on Tuesday night, still had Mr Clinton ahead by 57 per cent to 32 per cent among registered voters, a margin that has changed very little over the past month. A Houston Post poll conducted this week had Mr Clinton leading by 16 points, closer to the range of most pre-convention surveys.

Ideally, the Republicans would like to come out of this convention level-pegging, as was the case in 1988, but they would settle for a single figure deficit and a sense that the re-election campaign was finally gathering momentum.

Little interest was evinced in Houston in the latest remarks by Mr Ross Perot, hinting that he might revive his independent candidacy if he considers the two main parties to be neglecting the nation's economic plight.

But Republicans were worried that if Mr Perot remains on the ballot in Texas, Mr Bush's home state would be definitely lost to Mr Clinton. As it is, the Democrat holds a comfortable edge.

World Weather

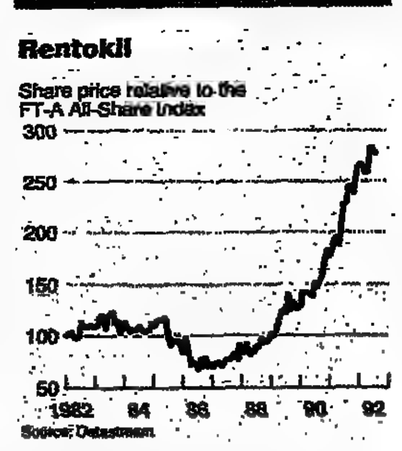
		°C	°F
Ajaccio	S	27	81
Algiers	S	31	88
Amsterdam	R	19	66
Athens	F	32	90
Bahrain	S	36	97
Bangkok	C	34	93
Barcelona	S	30	86
Beijing		-	-
Beirut	F	29	84
Belfast	F	17	63
Belgrade	S	36	97
Berlin	S	26	79
Biarritz	C	21	73
Bombay	F	27	81
Bordeaux	C	25	77
Boulogne	R	18	64
Brussels	C	22	72
Budapest	S	35	95
Buenos Aires	C	18	64
Cairo	S	33	91
Cape Town		-	-
Caracas	F	28	82
Casablanca †	S	24	75
Chicago †	S	11	52
Cologne	S	24	75
Copenhagen	S	21	70
Corfu	S	33	91
Dallas †	S	18	64
Dublin	C	19	66
Dubrovnik		-	-
Edinburgh	S	21	70
Faro	S	25	77
Florence	S	32	90
Frankfurt	F	27	81
Geneva	S	30	86
Gibraltar	S	27	81
Glasgow	C	19	66
Helsinki	R	14	57
Hong Kong			
Innsbruck	S	31	88
Inverness	F	19	66
Islamabad	F	33	91
Istanbul	S	31	88
Jakarta	C	32	90
Johannesburg	S	21	70
Lisbon	S	24	75
London	R	17	63
Los Angeles †	S	19	66
Luxembourg	F	25	77
Madeira	C	22	72
Madrid	S	25	77
Majorca	S	[illegible]	[illegible]
Malaga	[illegible]	32	[illegible]
Malta	S	[illegible]	[illegible]
Manila	R	[illegible]	[illegible]
Melbourne	F	12	[illegible]
Mexico City	[illegible]	[illegible]	[illegible]
Miami †	[illegible]	27	81
Milan	S	32	90
Montreal †	F	11	52
Moscow	F	[illegible]	[illegible]
Munich	S	[illegible]	[illegible]
Nairobi	F	20	68
Naples	S	31	88
Nassau	C	33	91
New Delhi			
New York †	S	19	66
Nice	S	26	79
Nicosia	S	32	90
Oporto	Dr	18	64
Oslo	[illegible]	21	70
Paris	F	24	75
Prague	S	26	79
Reykjavik	R	12	54
Rhodes	S	28	82
Rio de Janeiro	R	27	81
Rome	[illegible]	28	82
Salzburg	S	31	88
S Francisco †	S	12	54
Seoul	F	31	88
Singapore		-	-
Stockholm	F	19	66
Strasbourg	S	29	84
Sydney	[illegible]	15	59
Taipei	C	30	86
Tangier	F	25	77
Tel Aviv	F	31	88
Tenerife	F	25	77
Tokyo		-	-
Toronto †	S	11	52
Tunis	S	33	91
Valencia	S	33	91
Venice	S	33	91
Vienna	S	34	93
Warsaw	S	25	77
Washington †	F	21	70
Zurich	S	27	81

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Clearing the debts

FT-SE Index: 2359.4 (-4.1)



Having sold off most of the family silver, the government is finally getting down to the teaspoons. That is one way – and not necessarily an uncharitable one – of looking at yesterday's detailed proposals to sell off £1bn of UK privatised company debt. The move will not have taken the markets by surprise since it has been clear for some time that no other means were at hand to achieve the £8bn target for privatisation proceeds published in last November's autumn statement. Whether the operation is better from the taxpayer's standpoint than another £1bn gilt auction, though, is another matter. No one should be fooled that, while technically reducing the PSBR, this is anything other than a clever wheeze to fund the UK budget deficit.

The structure of the offer to some extent mirrors techniques used in the last BT share sale, with different types of investor competing against each other for available stock. In this case, BT will compete against the market in one pool, electricity companies against themselves in a second pool. In the same way that there was an inducement for the retail investor in the BT secondary share sale, the Treasury's baseline bid price for repurchase will be adjusted for tax. In the case of the electricity companies, this provides an incentive to bid now rather than wait until next year when it will not be available.

A lively auction is certainly on the cards. Given the popularity of UK fixed interest, there may yet be scope for one of the City's under-employed but enterprising financiers to repackage the lot and provide a tempting spread over gilts. On the other hand, the companies themselves will doubtless welcome an opportunity to refinance with less demanding covenants and gain new control over the shape of their balance sheets. They may even believe government promises about inflation and wish to switch to shorter-term funding.

Rentokil

The performance of Rentokil's shares yesterday underlines that the market is now taking its 20 per cent earnings growth for granted. To be fair, the interim figures offer no reason to do otherwise. The results were achieved in spite of an adverse move in exchange rates which took £2m off the bottom line on translation. The company continues to squeeze margins higher and is generating cash at an almost embarrassing rate, perhaps £45m over the full year.

Yet the shares are trading on a prospective price earnings premium of 60 per cent relative to the market. On this measure, the market has already capitalised another three to five years' earnings growth at the same demanding pace. This leaves little to chance. On a yield of 1.5 per cent, the dividend is barely an attraction. Without yield support the stock would look vulnerable if growth prospects are ever called into question.

Common sense suggests that Rentokil can only squeeze margins so far, and that ultimately it will have to rely on increased turnover if expectations are to be met. If a candidate for a large acquisition can be found, Rentokil might be tempted to use the high multiple for a paper bid. Alternatively, cash flow is strong enough to support a substantial debt-funded acquisition. But that prospect looks unlikely: Rentokil prefers to fund small acquisitions from cash. The question for investors is whether it can reconcile this prudent approach with the growth targets.

Willis Corroon

Investors cannot complain that there was no advance warning this week to don tin hats ahead of Willis' interim results. In the event the company appears to have suffered just as much as Sedgwick from the weak US market in the second quarter, and the shares duly responded with another 9 per cent fall. This is surely the correct response. Willis needs to make roughly £85m pre-tax next year to cover a maintained dividend, a figure which looks well beyond its reach on present trends. To be fair, the increase in operating expenses should continue to fall over the next 18 months, while the combination of restructuring and new projects may reap as yet undreamt-of benefits. Without any help from the markets, though, the best that can be hoped for at this stage is a less savage dividend cut next year than Sedgwick's threatened halved payout in 1992.

Trade Indemnity

The early release of interim results by Trade Indemnity set pulses racing. In fact, the figures could have been worse. Aggressive rate increases and tighter underwriting standards have reduced current year underwriting provisions. Losses from discontinued business are also down, which implies effective capping of exposure to commercial mortgage indemnity business. However, TI remains hostage to the economic cycle. As the Bank of England noted this week, insolvencies may continue to rise even in the early stages of recovery. And premium income is only marginally up on last year. Some companies have obviously opted to self-insure rather than swallow higher rates.

Sterling

Yesterday's German money supply figures show that monetary growth is slowing, but only at a snail's pace. At the margin, that may lessen the risk of a further rise in German interest rates. Further signs this week of weakening demand in some sectors of the real economy may also give small comfort to Germany's beleaguered ERM partners. But it is clear that the monetary trend is much too strong for the Bundesbank's taste.

Certainly the market is in no mood to respond to any crumbs of comfort from Frankfurt, and sterling finished the day at its lowest level against the D-Mark since the pound entered the ERM. At present, though, the real fear in traders' minds is the French referendum on Maastricht. Opinion polls which increasingly show that a French "no" vote is a real possibility increases the strain on weak ERM members; if the monetary union project finally unravels, the markets may lose faith altogether in current ERM parities. If the French say "non", and mortgage rates rise, Mr Lamont can look forward to a lively reception at the Conservative conference.

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COMPANIES & MARKETS

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Friday August 21 1992

PLUMB CENTER
WOLSELEY plc
The name behind the name.

INSIDE

Rentokil turns in strong result

European expansion helped Rentokil, the UK environmental and property group, to a 20.8 per cent growth in pre-tax profits for the six months to June 30. Mr Clive Thompson (left), chief executive, said: "We have the opportunity to grow a business equal to what we have in the UK in every significant market in the world." Page 20; Lex, Page 14

Wellcome issue increased

Robert Fleming, the UK merchant bank which organised the sale of shares in Wellcome, the drugs group, on behalf of the Wellcome Trust, last night decided to exercise part of its "green shoe" option, effectively increasing the size of the issue. An extra 18m shares are expected to be sold by the trust, a medical charity, taking the total sold to 288m. Page 20

Worries on Foster's offer

Shares in Broken Hill Proprietary fell 16 cents to A$13 on the Australian Stock Exchange on reaction to the group's offer to pay more than A$1.5bn ($1.11bn) for a 32 per cent stake in Foster's Brewing Group. Page 17

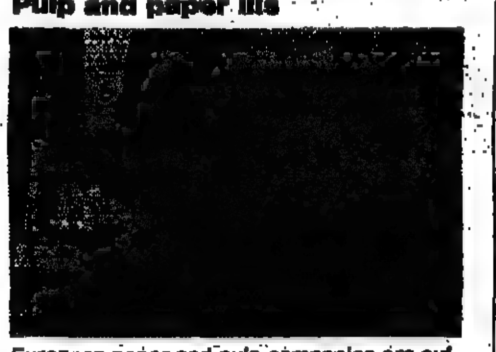
Frustration over O&Y

After five gruelling months of negotiations and court appearances, a note of frustration is creeping into efforts to revive Olympia & York, the ailing multinational property developer. A report to the court could not mask how little has been achieved. Page 17.

Brake put on Medeva

Earlier this year UK pharmaceutical group Medeva, had its eyes firmly fixed on joining the FT-SE 100 by the middle of the decade, less than six years after it was founded. However, with its share price around half that of March, a significant brake has been applied to the company's aspirations. Page 19

Pulp and paper ills



European paper and pulp companies are suffering from recession and overcapacity with little sign of a cure before the mid-1990s. Paper and pulp shares have been highly volatile as investors, uncertain about the economic cycle, attempt to call the end of recession. Back Page

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Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Falls				**Rises**			
Asko Prf	420	−	36	Legrand	4375	+	235
Colonia Knz	680	−	23	Pernod-Ricard	405	+	8.3
Commerzbank	220.5	−	15.8	**Falls**			
Holzmann Ph	826	−	34	Elf Aquitaine	312.8	−	[illegible]
Mannesmann	227	−	7.2	Total B	[illegible]	−	12.7
Preussag	334	−	15.5	Valeo	715	−	34
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Citicorp	17⅛	+	⅜	[illegible]	210	+	50
[illegible] Systems	9	+	1¼	Nippon Hang Ln	241	+	50
Falls				[illegible]	333	+	48
Bristol Myers	66⅝	−	2¼	Taiheiyo K'tso	241	+	36
Fisher-Price	23	−	1	Tobishima	310	+	48
RJR Nabisco	8½	−	¼	**Falls**			
Willis Corroon	16⅝	−	1⅝	Hirabo	183	−	15
PARIS (FFr)							
Rises							
LVMH	3730	+	88				

New York prices at 12.30.

LONDON (Pence)							
Rises				Applied Holog	108	−	6
Avesco	18	+	2½	BPB Inds	144	−	9
CMW	13	+	4½	Bunzl	87	−	5
Capita	331	+	16	Hillsdown	84	−	13
Dawsongroup	109	+	17	Ladbroke	141	−	8
Expamet Intl	43	+	14	Lasmo	142	−	6
FrenchConnect	18	+	3	[illegible]	205	−	11
Hartstone	139	+	14	McAlpine (A)	101	−	22
Lee (A)	81	+	6	Shorco	78	−	4
Menzies (J)	331	+	11	Trafalgar Hse	48½	−	3½
SimpsonsCrail	37	+	5	Union Discount	43	−	4
Tarmac	71	+	3	Willis Corroon	170	−	16
Falls							
Airtours	215	−	9				

Norway set to aid Uni Storebrand

■ State rules out ownership ■ Scandinavian markets turbulent in wake of Hafnia shake-up

By Richard Lapper in London, Robert Taylor in Stockholm, and Karen Fossli in Oslo

THE Norwegian government is studying "options" to help Uni Storebrand, the insurance company, out of financial difficulties.

However Mr Sigbjoern Johnsen, finance minister, yesterday ruled out the government becoming a "major owner" of Uni Storebrand, but he did not rule out "indirect" intervention should Uni need it. Uni Storebrand's shares closed yesterday at a new low of NKr15.50.

State intervention in Uni Storebrand is being considered because the authorities believe a NKr1.5bn ($256m) to NKr2bn capital expansion planned for the autumn will fail due to uncertainty surrounding the company since it acquired a 28.3 per cent stake in Skandia last year. Uni Storebrand joined forces with Hafnia in an unsuccessful bid to take over the Swedish group.

Meanwhile, turbulence continued to affect Scandinavian financial markets in the wake of Wednesday's decision by Hafnia to suspend debt payments and restructure its operations.

In Norway the Oslo share index fell 3.5 per cent over investors' fears that the Norwegian government could be forced to increase its interests in Norwegian financial institutions.

Den norske Bank A-shares dropped 38.5 per cent to a record low NKr2 as free shares fell 50 per cent to NKr3. Analysts said that DnB's half-year results presented on Wednesday were far worse than the market had expected. In Copenhagen the Danish KFX index of 20 leading shares fell 1.08 to 79.28, which is the first time it has closed below 80. The index has fallen 30 per cent in the past 10 weeks.

The share values of Denmark's largest insurance group Baltica Holdings, in which Hafnia holds 34.5 per cent, fell by 6 points yesterday in Copenhagen to 395.

Another Nordic insurer badly affected as a result of developments at Hafnia was Pohjola of Finland. At the close of trading in Helsinki its free shares had fallen 17.5 per cent to FM 24.

In Stockholm Skandia shares fell SKr2 to SKr69.

Separately, Standard & Poor's, the international credit rating agency downgraded its ratings for Hafnia and Unibank, Denmark's second largest bank which is one of Hafnia Holding's creditors.

Expansion policy fails, Page 12
Prolific's future, Page 16
World stock markets, Page 29

Profits growth slows at Viag

By Christopher Parkes in Bonn

PROFIT and sales growth at Viag, the energy-based German conglomerate, slowed sharply in the first six months of this year. Net profits rose 2 per cent to DM193m ($130m) on sales up only 3.4 per cent at DM12.1bn.

The rise in turnover was due in part to the effects of acquisitions, the company said in an interim report yesterday.

The company was cautious about prospects for the rest of the year and said full-year profits should increase provided weaknesses in domestic markets did not worsen and international markets showed signs of recovery.

Viag's sluggish progress underlines the delicate condition of most German companies although it is not as dramatic as the 89 per cent profits fall reported earlier this week by the Mannesmann engineering group.

Viag, which in June suggested a further dividend increase was possible this year, made no mention of payout prospects yesterday. The dividend for 1991, when profits rose 20 per cent, was raised 50 pfennigs to DM9 – the eighth consecutive increase.

More than half Viag's earnings come from energy generation and distribution, providing some protection from the slump in foreign and export markets which have hit pure manufacturing companies this year.

However, it is understood to be experiencing difficulties in aluminium, which accounts for 23 per cent of sales.

Viag, which has grown rapidly through acquisition, continued buying in the first half, although at a reduced rate. Total spending on new businesses was DM315m, compared with DM1.7bn a year earlier.

Purchases included AEB vehicle components, a chemicals concern and Continental White Cap, a US closures business, to complement its packaging interests.

● Net profits at Flachglas, the Gelsenkirchen glassmaker controlled by Britain's Pilkington group, fell almost a third in the year to the end of March.

Earnings of DM66m compared with DM97m last time on sales up 3.3 per cent at DM2bn, the company said yesterday. Its main businesses in vehicle glass and construction performed "relatively well," it said, although flat-glass interests lost ground.

Flachglas reduced its workforce by 1,000 people to 11,000.

Ericsson returns to black in quarter

By Robert Taylor in Stockholm

ERICSSON, the Swedish telecommunications group, made a SKr422m ($79.2m) pre-tax profit for the second quarter of the year. This compares with a SKr363m loss in the first quarter, caused mainly by cuts in telecommunications investments in Spain and Mexico.

Over the first half of the year the company achieved a SKr59m pre-tax profit compared with SKr1.78bn profit in the same period of 1991.

The company announced a 24 per cent increase in order bookings for the first six months to SKr26.77bn from SKr21.55bn although there was a 10 per cent fall in net sales to SKr20.31bn from SKr22.46bn.

Loss per share after tax and full conversion was SKr1.34 compared with income per share of SKr5.26 for the first six months of last year. The company said the positive growth in higher order bookings would make a full impact on its net sales next year. Ericsson added that the forecast of a weak profit for the whole of 1992 remained unchanged.

Mr Lars Ramqvist, Ericsson's president, said the company was "well on the way" to a revival and the results vindicated his decision to maintain research and development in spite of falling demand last year.

Although the second-quarter figures showed a financial improvement, he said there had not been any "direct recovery in the business climate". However, Mr Ramqvist pointed to the third successive quarter improvement in order bookings, mainly for telecommunications systems.

Mr Ramqvist said rising order bookings were a result of the company's "consistent technological development efforts", especially in digital systems and pocket telephones. This year Ericsson expected to improve its mobile phone sales by 50 per cent.

He added he was "particularly satisfied with the breakthrough in Japan" although net sales in that market would not be recorded until 1994.

The company has cut costs by 8 per cent so far this year as a result of its savings programme begun in 1991. This included a cut of 6,000 people in its 70,000-strong workforce, with half coming from the divestment of its telephone operating company in Argentina. Mr Ramqvist said the company was on course for planned savings of 15 per cent for 1992.

Paul Abrahams explains why US and European drug companies are switching products from prescription to over-the-counter

OTC sales prove addictive

NON-prescription over-the-counter (OTC) medicines are proving addictive for drugs companies. By switching a drug from prescription to OTC status, sales can be multiplied by more than five.

Take Gyne-Lotrimin, a virtually unknown prescription anti-fungal medicine for vaginal infections marketed by Schering-Plough.

After receiving an OTC licence from the US Food and Drug Administration, the US group launched a $30m publicity campaign involving 20 women's magazines and coast-to-coast television advertising. Sales increased from $22m in 1990 to $115m in 1991.

Monistat 7, another anti-fungal product launched by Johnson & Johnson after Gyne-Lotrimin, has done even better.

Analysts believe the two OTC medicines could eventually enjoy combined sales of $1bn a year.

Given the success of these drugs, which had had only limited success as prescription products, groups with so-called "blockbuster" prescription drugs, are now planning similar switches. SmithKline Beecham, which this week announced a partnership in the US OTC market with Marion Merrell Dow, has asked the FDA for Tagamet, its best-selling drug with sales of more than $1bn, to have OTC status.

A stampede of more than 50 applications for prescription drugs to become OTC products is likely in the US over the next three to five years, according to the US Nonprescription Drug Manufacturers Association.

The accelerating pace of OTC applications is being driven by the large number of successful prescription products whose patents are expiring during the next five years.

Typically, when a medicine loses patent protection, competition from unpatented generic drugs knock sales by as much as 50 per cent in two years.

But by selling the product over the counter, a group can extend the revenue stream of its top-selling former prescription medicines.

At the same time, regulatory authorities are proving increasingly eager to licence prescription products for OTC use, says Mr John Walden, senior vice-president of the Nonprescription Drug Manufacturers Association.

The main reason is cost. In the US, a prescription product will set back patients, on average, $24. They also spend about $40 for a prescription visit to the doctor, explains Mr Walden. In contrast, OTC medicines cost on average $4. The combination of more sympathetic regulatory environment and the desire of pharmaceuticals groups to exploit the market means American OTC sales could increase from $11.6bn this year to as much as $28bn by 2010, according to Kline & Co, a New-Jersey market research group.

US over-the-counter market 1991
$m

Procter & Gamble	1,181
Johnson & Johnson	1,136
American Home Products	986
Warner Lambert	754
SmithKline Beecham Marion	660
Bristol Myers Squibb	510
Schering-Plough	456
Eastman Kodak	349
Bayer	322
Wellcome	221

Source: SmithKline Beecham

Ten best selling OTCs launched since 1975
$m

Advil (American Home)	228
Nuprin (B–M Squibb)	84
Sudafed (Wellcome)	75
Dimotapp (American Home)	71
Bebadryl (WarnerLambert)	66
Actifed (Wellcome)	61
Afrin (Schering–Plough)	52
Drixeral (Schering–Plough)	51
Oxy (SK–Beecham)	48
Comtrex* (B–M Squibb)	39

*All products are prescription to over-the-counter switches, except Comtrex
Source: Butler Hennessey

SmithKline Beecham's OTC partnership with Marion Merrell Dow announced this week is only the latest of a series of alliances.

Fast-moving consumer goods companies are teaming up with prescription medicine groups. The consumer groups know that all but one of the top 15 OTC medicines launched in the US since 1975 have been former prescription products. The pharmaceuticals companies know most of them do not have the mass-marketing expertise to exploit their medicines fully.

Procter & Gamble, the US's leading OTC company, formed a marketing alliance in 1987 with the pharmaceuticals group Syntex. Johnson & Johnson, the second largest OTC group, formed an agreement in 1989 with another pharmaceuticals group Merck to develop and develop OTC products.

Restructuring is also occurring in Europe. In 1991, Switzerland's Hoffman-La Roche paid Sara Lee, the US group, $321m for Nicholas, its European OTC subsidiary.

Meanwhile, Wellcome, the UK drugs group, has publicly said it is seeking a partner for its OTC products, probably in Europe. The company has just received an OTC licence in Germany, the world's third largest market, to sell Zovirax, its best-selling herpes drug.

One factor that could hold back the switch from prescription to OTC is the issue of safety. While the FDA is keen to encourage the shift, it is also anxious not to license potentially dangerous drugs.

Marion Merrell Dow was planning to ask the FDA this year for an OTC licence for Seldane, its best-selling anti-histamine. But its application received a setback last month when the FDA said there had been at least four deaths and at least 70 cases of serious cardiovascular problems associated with Seldane.

If pharmaceuticals groups can convince regulatory authorities that their drugs are safe in the public's hands, they could be set to exploit a lucrative market.

Meanwhile, the highly fragmented European OTC sector is set to grow by about 15 per cent over the next three years, according to Mr James Dudley, of JMD, the High Wycombe-based consultants.

He estimates it is currently worth about $6.8bn a year. European governments are proving increasingly anxious to contain their healthcare expenditure. They are encouraging the switch from prescription products – which are reimbursed by the state – to OTC products which are paid for by the patient, Mr Dudley says.

Pharmaceuticals groups, which previously were busy moving out of the market because OTC medicines had lower margins than prescription products and also required significant advertising spending, are now positioning themselves to exploit this fast-growing sector.

Willis Corroon falls 22% as US insurance rates are cut

By Richard Lapper in London

RECESSION, further reductions in insurance rates in the US and lower interest rates have combined to depress profitability at Willis Corroon, the UK's largest insurance broker, which yesterday announced a 22 per cent fall in interim pre-tax profits to £54.1m ($103.3m).

Although earnings per share fell to 8.3p compared with 10.9p last year, Willis announced a maintained dividend at 6.6p per share. The market reacted by marking the shares down 16p to close at 170p.

Mr Roger Elliott, executive chairman, said conditions in the US, which generates about 40 per cent of the group's revenue, were the "worst for many years".

Mr Elliott said that reductions in premium rates on policies renewed by Willis in the US had averaged 14 per cent.

He said the group had been surprised by a sharp fall in the volume of its business. Recession was leading Willis's clients to reduce their demand for insurance.

Brokerage and fee revenue in the first half of 1992 grew 5 per cent to £319.6m, compared with £312.7m at the half-way stage last year.

However, the rise reflects the contribution of affiliates and subsidiaries acquired in the past 12 months.

Willis said it had invested £32m in acquiring a network of brokers in Canada and western Europe.

On an underlying basis revenue was unchanged. Expenses rose to £281.4m from £256.5m and by 3 per cent on an underlying basis.

Mr Elliott said that as well as additional costs of new operations, expenses were incurred in making redundancy payments. When completed Willis's job reduction programme would yield "substantial full-year savings".

The group has stepped up investment in its head office operations. Underwriting claims at the group's insurance subsidiaries fell to £11.5m from £22.4m.

Interest payable rose to £2.6m from £2.3m. Share of profit of associated undertakings was up to £3.9m from £3m.

The figures indicate that Willis, like its major international competitors, Sedgwick of the UK, and Alexander & Alexander and Marsh McLennan, both of the US is struggling to increase revenues.

On Tuesday Sedgwick announced a fall in pre-tax profits to £51.7m compared with £65.3m at the half-way stage last year.

Lex, Page 14

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July 1992

Axa expands in Spain with BBV joint venture

By Alice Rawsthorn in Paris

AXA, one of the leading French insurers, plans to expand its presence in Spain by forming a joint venture with Banco de Bilbao Viscaya (BBV), the Spanish bank which has substantial interests in the insurance sector.

The two groups are negotiating to merge their Spanish insurance subsidiaries – Axa's Seguros and BBV's Aurora Polar – into a new company in which each would have a 50 per cent stake. The new group would be the fifth biggest Spanish insurer with annual premiums of about FFr3.22bn ($649m).

The bulk of the new company's business would be in the motor insurance sector, which would provide 49 per cent of its premiums.

The group would receive 22 per cent of its premiums from life insurance and the remainder from general (non-motor) policies.

The companies said they expected the joint venture to "optimise the efficiency of both existing companies".

For Axa, the second largest insurer in France and the biggest private sector insurance group, the Spanish initiative forms part of its overall international expansion strategy. Last year it made a move into the US by investing $1bn in Equitable Life Assurance, a leading US insurer.

Earlier this summer it struck a FFr165m deal with Sime Darby of Malaysia as a precursor to strengthening its presence in the Asian region where it hopes to expand in South Korea, Hong Kong and Taiwan.

The talks with BBV reflect the general trend for French insurers to expand beyond their domestic base within the general restructuring of the European insurance industry. Assurances Générales de France has expanded into Germany by investing in Aachener & Müunchener Beteilungs. Union des Assurances de Paris hopes to follow suit by taking a stake in Colonia, another German insurer.

Gambro earnings grow 24% midway

By Robert Taylor

GAMBRO, Sweden's leading medical equipment manufacturer, reported yesterday a 24 per cent growth in its pre-tax profits for the first half of the year to SKr396m ($74.3m), up from SKr320m for the same period of 1991.

Group sales improved by 9 per cent to SKr3.054bn from SKr2.792bn while earnings per share increased by 24 per cent to SKr8.69 from Skr7.03. Return on capital employed over the past 12 months was 20.1 per cent, up 1.1 per cent on 1991 full year, while return on equity after tax rose to 22.5 per cent over the same period compared with 21.4 per cent for the full year of 1991.

The company improved sales in all areas with a particularly large growth in renal care equipment to SKr2.236bn from SKr2.075bn. But there was also an impressive performance in blood component technology – up to SKr185m in sales from SKr152m.

The strong increase in profitability at Gambro also reflects the benefits of recent acquisitions, particularly that made in May last year of 23 per cent in REN Corporation-USA, the US American dialysis clinics chain.

In February, Gambro increased its stake in REN by 7 per cent and in July announced its intention was to expand its shareholding to 51 per cent in the company through a special 5.5m share issue and $54m investment.

Latest set of French results disappoints

By Alice Rawsthorn in Paris

THE depressing stream of French corporate announcements continued yesterday with the disclosure of flat first-half sales from several companies, including Pechiney in aluminium and Schneider in engineering, and the news that Random, a group of computer distribution companies, was in judicial receivership.

Random – founded in 1982 and quoted on France's second market – had built up a business with sales of FFr1.1bn ($223m) last year. However, it reported a loss of FFr44m in 1991. It said yesterday that it envisaged even higher losses for 1992, making it difficult for it to service its debt, now FFr300m. Random's management hoped that its international partners, Compunet in Germany and Computacenter in the UK might be interested in a rescue.

Other French companies have been struggling to maintain sales against the backdrop of depressed international markets and a domestic economy where high interest rates have depressed consumer confidence and industrial investment.

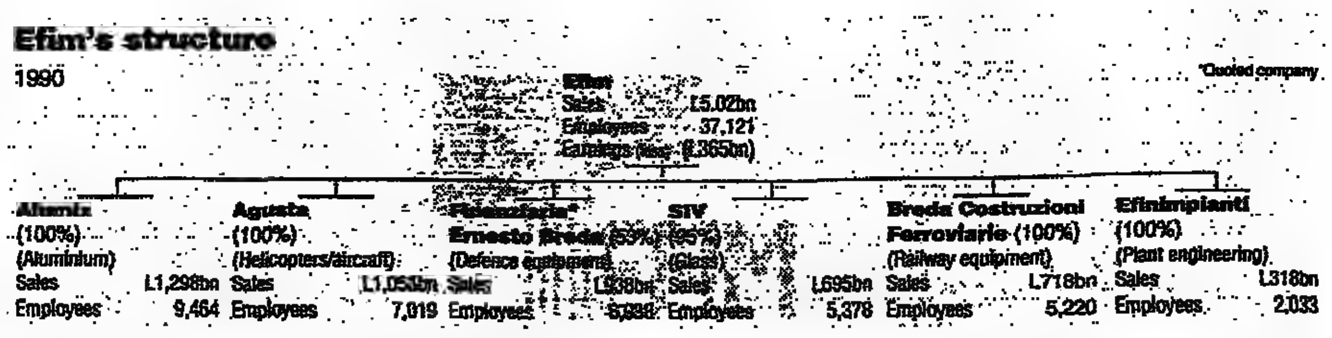
Pechiney, one of the most prominent industrial groups, saw its sales fall by 7.3 per cent to FFr35.48bn in the first six months of this year, from FFr38.23bn in the same period of 1991.

Schneider reported a 13.4 per cent increase in interim turnover to FFr30.63bn. The increase was solely due to the contribution from Square D, the US construction company acquired last year. The underlying rate of sales growth was 1.1 per cent, below inflation now running at around 3 per cent in France.

Union Laitière Normande, a leading dairy co-operative, also saw first-half sales fall below inflation with a 1.45 per cent increase to FFr8.15bn. Avenir Havas Media, part of the Havas group responsible for its poster advertising and free newspaper interests, saw sales fall by 2.6 per cent to FFr3.26bn in the first half.

Bankers stalk Efim as asset disposals loom

Haig Simonian explains the problems confronting the state group's break-up



Merchant bankers are busily studying Efim, the Italian state holding company put into voluntary liquidation last month, to see what might be marketable. The prognosis for the complex group, with activities ranging from aerospace, defence equipment, railway rolling stock, glass and aluminium to health spas, is not encouraging.

Yet the success of disposals could be crucial to relations between the treasury and Efim's angry foreign bank creditors, which have lent about L3,500bn ($3.15bn) of the group's L8,500bn total debt.

The government plans to give creditors up to L4,000bn of five-year bonds to cover the gap between the value of their loans and what can be realised through sales. While the treasury has fallen out with foreign banks over the low coupons on the bonds, all agreed the negotiations would be influenced by how much can be raised.

Even preliminary estimates are still lacking, pending a valuation of Efim commissioned by the government from Mediobanca and S G Warburg last month. However, foreign bankers accept that their talks with the treasury could become much easier once figures are available.

Efim's most attractive operations are the SIV glass business, Breda Costruzioni Ferroviarie on the railway side, and its Agusta helicopters division. Not all are profitable, and they share problems such as overmanning. However, bankers agree the three are the most immediately marketable parts of its portfolio.

Agusta, which co-operates with Westland of the UK, received a welcome lift last month with a big Canadian order for its jointly produced EH101 helicopter. Bankers say the company has good products and technology, but suffers from debts of about L2,000bn, which, with overmanning and too many plants, mean it loses money heavily.

Some think Agusta could be an ideal partner for a foreign aerospace group wanting to break into the Italian market. However, the helicopter business is in severe difficulties. Moreover, Agusta's famous name and 7,000 employees means its fate may be swayed by political rather than market factors. Using arguments of "national interest", domestic political considerations may dictate Agusta's incorporation into Alenia, the quoted aerospace and electronics arm of Iri's Finmeccanica group.

A similar fate probably awaits Breda Costruzioni Ferroviarie (BCF), Efim's Tuscany-based railway equipment subsidiary. The group has been successful in winning US orders for its urban mass transit systems and makes rolling stock for the Channel tunnel.

However, it is no stranger to uncertainty. It has been a key in the long-running tug-of-war within the public sector on rationalising Italy's railway equipment business, currently split between Efim and Finmeccanica's Ansaldo Trasporti subsidiary.

A merger between the two has traditionally been blocked by political barriers, as the two companies are controlled by different parties. That impasse led BCF into talks with the Italian subsidiary of the multinational ABB group. However, negotiations broke down, and BCF returned to seeking closer links with Ansaldo even before Efim's collapse.

Some bankers question whether a merger is the only solution. Fiat, which has substantial railway activities, is tipped as an interested party, as are industrial multinationals such as ABB and Siemens. However, the chances of a purchase by any of the three are slim. While bankers agree that a number of Italian private sector industrial companies will snap up some Efim assets, few expect any really large takeovers. Only parts of Efim's empire are attractive, while the liquidity problems of many private sector groups will make them reluctant to embark on large acquisitions.

The position of the non-Italian concerns is less clear. However, most bankers stress that domestic rationalisation by transferring companies such as Agusta, BCF or even Efim's OTO Melara defence equipment business to other public sector companies should only be the precursor to wider joint ventures on a European basis.

Foreign buyers are seen as the most obvious candidates for SIV, Efim's glass-making arm. SIV has a substantial share of the European market for the automotive sector, making it superficially an obvious sale candidate. But the company is losing money, leading to differing views among bankers on its marketability.

"Just compare it with Pilkington," said one banker. "Although highly respected, it still isn't doing particularly well. So what chance is there for SIV, which needs to be rationalised and whose biggest client, Fiat, is losing market share?"

Dealing with Finanziaria Ernesto Breda, the quoted holding company which operates OTO Melara, Efim's missile and defence equipment arm, could also be tricky. Defence equipment groups around the world are in difficulty owing to government spending cuts and lower procurement needs. Incorporation within Finmeccanica's Alenia subsidiary may be inevitable for want of anything better.

Meanwhile, closure could be the only option for Alumix, Efim's aluminium division. Bankers lament Italy's decision ever to create an aluminium industry, given its lack of raw materials and heavy energy dependence.

However, the solution for Alumix, based largely in Sardinia, may have to be as politically influenced as its birth. Ministers will be wary of closing a big employer such as Alumix in view of the depressed Sardinian economy. The island has experienced many cases of spectacular, but misjudged, public sector investments having to fold. So although it lost L420bn last year – equivalent to about a third of sales – Alumix's inevitable liquidation may be spread over a number of years.

Credit insurer offers little hope

By Andrew Jack in London

TRADE INDEMNITY, the leading trade credit insurer which closely mirrors the strength of the UK economy in its performance, offered businesses little hope for short-term recovery as it announced interim results yesterday.

Mr Victor Jacob, managing director, said: "Regrettably we cannot at this stage be optimistic. There will be an upturn at the earliest in spring 1993, and when it comes it will be slow and it will be tentative."

Trade Indemnity unveiled net claims down 13 per cent to £27.7m ($52.6m) in the six months to June 30 and passed its dividend, in better-than-expected results.

Provisions were £8.2m compared with £37.7m on the same period last year, while estimated underwriting losses for continuing operations were sharply downward, from £31.7m for the 1990 underwriting year to £9.4m for 1991.

The results, which were unexpectedly brought forward as part of a new management strategy, had little effect on the share price, which has fallen sharply during the year.

New chairman, Page 10

McAlpine shares tumble

By Angus Foster in London

SHARES in Alfred McAlpine fell 22p to 101p yesterday after the construction and housebuilding company cut its interim dividend to 3p from 4.5p and said forecasts made earlier this year were "too optimistic".

Mr Graeme Odgers, chief executive, said the construction market was "severely depressed" and house prices continued to fall. As a result, profits for the year would be lower than last year's £9.3m ($17.6m).

For the six months to April 30 McAlpine announced a pre-tax loss of £71,000 from a £700,000 profit, but said the second half would be better.

Turnover fell to £250m from £254.8m last year, mainly due to lower construction sales. The company's workload has fallen 22 per cent.

LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED

(Registration number 57/02788/06)
(Incorporated in the Republic of South Africa)

INTERIM RESULTS AND DECLARATION OF ORDINARY AND SPECIAL ANNIVERSARY DIVIDEND FOR THE SIX MONTHS ENDED 30 JUNE 1992

Summarised group income statement

	Note	6 months ended 30 June (unaudited) 1992 £m*	1992 Rm	1991 Rm	% change	Year ended 31 December (audited) 1991 Rm
Net taxed surplus	1	27.5	144.7	109.5	+32.1	275.3
Preference dividends		–	–	(0.2)	–	(0.3)
Net taxed surplus attributable to ordinary shareholders		27.5	144.7	109.3	+32.4	275.0
Number of ordinary shares in issue ('000)			228 103	214 154	+6.5	227 756
Number of ordinary shares on which net taxed surplus per share is calculated ('000)			227 843	213 995	+6.5	216 503
Net taxed surplus per share (cents)	1	12.0	63.5	51.1	+24.3	127.0
Dividends per ordinary share (cents)						
– Interim (declared 19 August 1992)	2	10.2	54.0	43.0	+25.6	43.0
– Final (declared 13 February 1992)		–	–	–	–	65.0
Total dividends per ordinary share (cents)		10.2	54.0	43.0	+25.6	108.0
Special anniversary dividend per ordinary share (cents) – (declared 19 August 1992)	2	19.0	100.0	–	–	–

*Converted at the Commercial Rand rate of exchange at 30 June 1992 at R5,27 = £1

Summarised group balance sheet

	30 June 1992 (unaudited) £m*	30 June 1992 (unaudited) Rm	31 December 1991 (audited) Rm
Interests of			
– Shareholders of Liberty Life	946.3	4 987.1	4 433.4
– Minority shareholders	759.6	4 003.2	3 653.1
Total shareholders' capital and reserves employed	1 705.9	8 990.3	8 086.5
Long-term liabilities	666.9	3 514.5	3 367.7
Life funds	4 195.7	22 111.4	20 760.5
	6 568.5	34 616.2	32 214.7
Represented by:			
Investments	6 334.6	33 383.1	31 201.9
Government, municipal and utility stocks	1 013.0	5 338.3	4 597.0
Debentures, mortgages and loan stocks	109.5	577.1	584.2
Properties	1 622.7	8 551.4	8 246.3
Shares and mutual fund units	3 357.1	17 691.9	16 079.5
Deposits and money market securities	232.3	1 224.4	1 694.9
Fixed assets	19.8	104.4	109.5
Cash resources	301.4	1 588.2	1 778.2
Other current assets	258.7	1 363.5	1 432.9
Total assets	6 914.5	36 439.2	34 522.5
Current liabilities (including provision for interim and special anniversary dividends)	346.0	1 823.0	2 307.8
	6 568.5	34 616.2	32 214.7

*Converted at the Commercial Rand rate of exchange at 30 June 1992 at R5,27 = £1

Notes

1. Life insurance surplus
Actuarial valuations of the life funds of Liberty Life and its subsidiary are not conducted at the half-year stage. For the purpose of this interim report, the net taxed surplus has been based on an estimate resulting in net taxed surplus per share being shown at half the level achieved for the previous full financial year ended 31 December 1991.

2. Ordinary and special anniversary dividends
The directors have declared an interim dividend of 54 cents per share (1991: 43 cents) for the six months ended 30 June 1992.
In order to mark the 35th anniversary of the company's incorporation in September 1957, the board has resolved to declare a non-recurring special anniversary dividend of 100 cents per share to shareholders registered on 4 September 1992, which will be paid on 2 October 1992 together with the interim dividend of 54 cents per share.

3. Changes in subsidiaries
TransAtlantic Holdings PLC ("TransAtlantic") and Capital & Counties plc ("Capital & Counties")
In May 1992 TransAtlantic completed a one-for-four rights issue to raise £149 million before expenses. Liberty Life and its subsidiary, First International Trust Limited acquired 22 077 867 and 11 834 925 new ordinary shares in TransAtlantic respectively as a result of which at 30 June 1992, Liberty Life and First International Trust owned 50 849 201 and 106 834 925 ordinary shares respectively in TransAtlantic. In addition, First International Trust owns 7 200 000 "A" convertible preference shares in TransAtlantic which are convertible into TransAtlantic ordinary shares on a one-for-one basis.
On 14 May 1992 proposals were announced to merge Capital & Counties with TransAtlantic by way of a Court Scheme of Arrangement which was overwhelmingly approved at shareholders' meetings on 6 July 1992 and became effective on 30 July 1992 when TransAtlantic was listed in the life insurance category on The London Stock Exchange simultaneously with Capital & Counties becoming a wholly owned subsidiary.
The merger between TransAtlantic and Capital & Counties, which became effective on 30 July 1992 involved the issue to minority shareholders, in exchange for their interests in Capital & Counties, of 25 773 680 additional TransAtlantic ordinary shares (on the basis of 5 TransAtlantic ordinary shares for every 6 Capital & Counties ordinary shares) and 63 637 024 6% TransAtlantic "B" convertible preference shares which are convertible on a 21-for-100 basis into TransAtlantic ordinary shares. Consequently, Liberty Life and its subsidiary, First International Trust, now own 17.4% and 36.8% respectively of TransAtlantic's increased issued ordinary share capital representing an aggregate shareholding of 54.2%.

4. New business
During the six months ended 30 June 1992 new annualised premiums rose by 36.8% to R278.2 million from R203.3 million in the corresponding period in 1991. This result largely reflects the success of the Medical Lifestyle product launched in September 1991.
Single premiums and annuity considerations increased by 24.6% to R427.5 million from R343 million. From January 1992, all Group 'Investment Only' business is now recorded on a cash received basis and is reflected as single premiums; the 1991 comparative annualised and single premium figures have been adjusted accordingly.

5. Comment
Notwithstanding the payment of the special anniversary dividend and subject to no unforeseen factors arising during the remaining months of the financial year, the net taxed surplus and dividends per ordinary share for 1992 are expected to continue to show a satisfactory increase over the level attained in 1991.

Declaration of interim and special anniversary dividend

Notice is hereby given that the undermentioned dividends have been declared in respect of the year ending 31 December 1992 payable to shareholders registered in the books of the company at the close of business on Friday, 4 September 1992:

	Dividend number	Cents per share
Ordinary dividend	51	54
Special anniversary dividend	52	100

The abovementioned dividends have been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries on or about 2 October 1992. Cheques in respect of dividends issued by the United Kingdom transfer secretaries will be drawn in United Kingdom currency equivalent on 25 September 1992. Non-resident shareholders' tax at the rate of 15% will be deducted from dividends where applicable.

On behalf of the board
D Gordon, *Chairman*
A Romanis, *Managing director*

Johannesburg
19 August 1992

United Kingdom transfer secretaries
Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S. $150,000,000
Subordinated Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 21st August, 1992 to 22nd February, 1993 the Notes will carry an Interest Rate of 3·75 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 22nd February, 1993 is U.S. $192·71 for each Note of U.S. $10,000 and U.S. $4,817·71 for each Note of U.S. $250,000.

Westpac Banking Corporation
Agent Bank
Westpac House,
75 King William Street,
London EC4N 7HA

European Investment Bank
Italian Lire 200,000,000,000
Floating Rate Notes Due February 1997
Notice is hereby given that the notes will carry an interest rate of 15.10 per annum for the period 20.8.92 to 22.2.93
ITL.390,083 Per ITL 5,000,000 nominal
ITL.3,900,833 Per ITL.50,000,000 nominal
Italian International Bank PLC London
Reference Agent Bank

U.S. $200,000,000
BANK OF BOSTON CORPORATION
Floating Rate Notes Due 2000
Issued 12th September 1985

Interest Period	16th March 1992 16th September 1992
Interest Amount per U.S. $50,000 Note due 16th September 1992	U.S. $1,533.33

Credit Suisse First Boston Limited
Agent

The Council of Europe Resettlement Fund
for National Refugees and Over-Population in Europe
¥10,000,000,000
Floating Rate Notes Due 1994
(the "Notes")
Notice is hereby given that for the interest period from 21st August, 1992 to 22nd February, 1993 the Notes will carry an Interest Rate of 5.60% per annum. Interest payable on 22nd February, 1993 will amount to ¥283,836 per ¥10,000,000 Note.
Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

COMMERCIAL UNION PRIVILEGE PORTFOLIO SICAV
Registered Office:
41, avenue de la Gare, Centre Mercure, L-1611 LUXEMBOURG
R.C. Luxembourg B32640

DIVIDEND ANNOUNCEMENT

Commercial Union Privilege Portfolio announce a dividend distribution payable 31 August 1992 for the following funds:

DMK Reserve	0.3841	Coupon No 3
JPY Reserve	18.1115	Coupon No 2
GBP Reserve	0.0458	Coupon No 4
USD Reserve	0.1123	Coupon No 3
PESETA Bond	10.0280	Coupon No 3

Dividends are payable to holders of bearer shares against a presentation of the respective coupon at:
CHASE MANHATTAN BANK Luxembourg S.A.
5, rue Plaetis
L-2338 LUXEMBOURG

The Board of Directors
Commercial Union Privilege Portfolio SICAV

BHP stock falls sharply on Foster's stake offer

By Kevin Brown in Sydney

SHARES in Broken Hill Proprietary (BHP) fell 16 cents to A$13 (US$9) on the Australian Stock Exchange yesterday as the market reacted to the group's offer to pay more than A$1.5bn (US$1.15bn) for a 32 per cent stake in Foster's Brewing Group.

Analysts said the decline reflected concern that BHP may have to hold the shares for several years before being able to sell without making a loss.

Foster's shares closed 7 cents higher at A$1.80, suggesting BHP may have succeeded in removing the uncertainty which has surrounded the group for two years.

However, Foster's shares could come under pressure because of speculation that the group will announce a A$1bn rights issue to cover forecast write-downs in the value of non-brewing assets.

Foster's is expected to reveal substantial write-downs next month when it announces results for the year to the end of June. Most of the write-downs are expected to relate to revisions to the loan book of the group's Elders Finance subsidiary.

Analysts said it was unlikely another bidder would emerge to top BHP's A$2.39 offer for the shares, which are controlled by the receiver to International Brewing Holdings (IBH), a private company chaired by Mr John Elliott. Several international brewers are believed to have considered taking a stake in Foster's, including Guinness, Anheuser Busch, Heineken and Miller. But none have indicated an intention to bid.

Foster's is the world's fourth largest brewer. It owns the Carlton and United brewery in Australia, Courage in the UK and a half share in Molson Breweries in Canada.

BHP is offering A$1.5bn in cash, plus the cancellation of 27 per cent of its preference share holding in IBH, equivalent to A$220m. The deal includes two sets of share options which would increase BHP's Foster's stake to nearly 50 per cent. BHP has said it acted only to protect its investment in IBH, which was secured against Foster's shares. BHP said it plans to sell the shares when the market price reaches A$2.39, allowing the group to break even on the investment.

Jennings Group agrees debt for equity swap

By Kevin Brown

JENNINGS Group, Australia's largest homebuilder, yesterday said it had reached agreement with its banks and its biggest shareholder on a debt for equity swap to strengthen its balance sheet.

The group said the deal would eliminate a A$195m (US$141.3m) deficit on shareholder funds which developed as a result of its exposure to falling asset values in the Australian property market.

Jennings said Fletcher Challenge, the New Zealand construction, forestry and energy group which owns 48 per cent of the company's stock, had agreed to convert A$152m of debt to ordinary shares.

Fletcher Challenge would hold 43 per cent of the reconstructed company. Jennings' banks would take a 39 per cent stake in return for the conversion of A$58m of secured debt into ordinary shares and the capitalisation of about A$5m in interest into equity.

Jennings shares closed unchanged at 15 cents on the Australian Stock Exchange, compared with an all-time low of 10 cents last month.

The company said its core Australian housing business was performing "very satisfactorily". The group said sales over the seven months to July were up by 8 per cent to A$306m.

O&Y beats a gruelling path to Toronto court door

Bernard Simon examines the immediate prospects of restructuring the Canadian property developer

After five gruelling months of negotiations and court appearances, a note of frustration is creeping into efforts to revive Olympia & York, the ailing multinational property developer.

O&Y, whose Canadian and UK assets have been under court protection since May, is required to file a restructuring plan for most of its C$13.5bn (US$11.27bn) debt with an Ontario judge this morning. Its 25 buildings in the US remain outside court protection.

Mr Gerald Greenwald, O&Y president, and Mr Steve Miller, chief negotiator, were due to report progress at a press conference in Toronto late yesterday. It is an open secret that the plan at present resembles an outline of proposals to creditors rather than the agreement which all parties to the world's biggest corporate restructuring would prefer.

Indeed, the plan is in such an early stage that some lenders have pressed for details not to be made public in court today.

Overworked O&Y officials have held about 40 meetings with groups of creditors in the past month. But a progress report to the court earlier this week could not mask how little has been achieved.

The report noted merely that intensive talks continue "to obtain and to further consider the responses of the various groups of creditors to the various proposals" developed by the company.

The creditors are more forthright. "No one is even close (to an agreement)," said one institutional lender. With the exception of some banks, project lenders have rejected an O&Y proposal which was based on the issue of Canadian government-approved securities known as "distress preferred shares". These, in essence, provide a tax break to the lender in exchange for interest-rate relief to the borrower.

Noting that O&Y has so far made "a series of piecemeal offers to various creditors", a senior Toronto bankruptcy lawyer concludes: "There must be some serious problems."

To no one's great surprise, the restructuring is proving more complex than expected. Layers of secrecy which once surrounded the Reichmann family empire have been peeled away to reveal a highly centralised management structure, but a financial structure which was just the opposite.

Each O&Y building is a separate entity with its own financing arrangements. Some are in a healthy financial condition, providing more than adequate security for their creditors.

Toronto: heart of the troubled O&Y empire

Others have rising vacancy rates, ebbing cash flow and falling market values, with the added complication of various layers of creditors, each fighting to protect its own interests.

Much of the past few months has been spent trying to reconcile competing interests. Each creditor has had to be slotted into one (and in some cases more than one) of six creditor committees. An inordinate amount of time has been taken up apportioning O&Y's overheads and restructuring costs among its various projects.

Asset sales have slowed to a snail's pace. The latest report from Price Waterhouse, which acts as a conduit for information between O&Y and its creditors, notes that, besides the disposal of a Gulfstream jet, O&Y has in the past month raised a paltry C$4.7m from Canadian government bonds and a vendor take-back mortgage. A deal to dispose of its interest in a 12-storey office project in Budapest has fallen through. The sale of Home Oil of Calgary, which was said to be imminent even before O&Y sought court protection, has yet to be concluded.

Despite these hitches, few are willing to predict where O&Y is heading after today's court appearance. Some lenders are talking darkly of bankruptcy and liquidation, or of reviving efforts to "carve out" individual buildings from the protection of the courts.

Although the US operations are not in bankruptcy protection, bondholders of 55 Water Street, a mammoth New York office building, are considering proposals to replace O&Y as manager and to bring in a new investor with the resources to pay for asbestos removal and other improvements.

Creditors are becoming increasingly edgy about the spiralling costs of the restructuring effort. The Canadian operations paid C$3.5m in July to investment bankers, lawyers and accountants, and expect to fork out another C$4.8m this month. Price Waterhouse estimates that the costs of the creditor committees are running at another C$2m a month.

But others suspect that the unremitting slump in the North American commercial property market has made the lenders more nervous about pushing O&Y over the brink. A lawyer for one bank said he sensed that the lenders are "more malleable" than they were a month ago.

The scales could be tipped by the fate of the Canary Wharf development in London. Mr Paul Reichmann is negotiating to regain a foothold in the Docklands project through an investor group which includes US financiers Mr Laurence Tisch, Mr Sanford Weil and Mr Lewis Ranieri. Under the plan, O&Y would continue to manage the project.

Some participants in the restructuring predict that O&Y's chances of keeping its creditors at bay in the US and Canada will improve significantly if the Canary Wharf lenders and administrators throw their support behind the Reichmann-led Docklands bid.

Conversely, rejection of the Canary Wharf bid could weaken the confidence of lenders in North America that the rest of the Reichmann empire is worth preserving.

De Beers in talks with Namibia

By Philip Gawith in Cape Town

DE BEERS, the South African company that controls the world diamond market, and the Namibian government are holding talks which could lead to the government taking an equity stake in De Beers's Namibian subsidiary, Consolidated Diamond Mines (CDM).

Such an arrangement would probably parallel arrangements in Botswana where the government holds a stake in the company Debswana.

A joint statement from De Beers and the Namibian government said the talks would concern their relationship and the future of the country's diamond industry. Mining, and the diamond industry in particular, is an important part of the Namibian economy.

The talks come after a week in which De Beers incurred the wrath of investors by revising downwards prospects for the second half of the year.

It is not clear what the Namibian government will offer in return for an equity stake, assuming it is not donated. In Botswana, new shares were issued in exchange for De Beers gaining control of a diamond stockpile, but Namibia has no equivalent stockpile.

P&G sells portion of pulp, timber assets

By Nikki Tait in New York

PROCTER & Gamble, one of the largest US consumer products companies, yesterday announced the sale of a large portion of its pulp and timber business to Weyerhaeuser, the Tacoma-based timber group, for $600m.

P&G added that it was still reviewing proposals from potential acquirers for the rest of its pulp and timber business. The group announced in March that it planned to divest the pulp interests.

The move – a step away from the traditional strategy of internal vertical integration – was designed to make the group "more globally focused on core consumer businesses".

About half the pulp and timber division's output is sold to P&G for its products.

The assets which Weyerhaeuser is buying comprise pulp mills in Grande Prairie, Alberta and Oglethorpe, Georgia; three saw mills, also in Alberta and Georgia; and about 175,000 acres of timberland in Georgia. Yesterday, P&G said it expected to work with Weyerhaeuser as a supplier of pulp from the mills that it was selling. The buyer is also expected to offer continued jobs to all employees at the Georgia and Alberta facilities.

However, Standard & Poor's, one of the large US rating agencies, decided to downgrade Weyerhaeuser's senior debt as a result of the deal, to A from A-plus.

It stressed that it saw a beneficial relationship between the two companies but added that the increase in the buyer's debt levels, as a result of the purchase, "occurs at a time when pulp, paper and real estate markets are very soft".

"As a result, cash flow protection measures, which are already low for the rating, will weaken even further," suggested S&P.

The remaining timber assets for which P&G hopes to find buyers include a pulp mill and 665,000 acres of timberland in northern Florida, and a cotton linter's pulp plant and the cellulose and specialties division headquarters' site in Memphis.

Ascii in search for new funding

By Steven Butler in Tokyo

ASCII, the aggressively expanding Japanese publishing and computer software company, said yesterday it was in talks with its banks in an effort to raise new funding to repay Y10.7bn in convertible bonds which mature next March.

Trading of Ascii shares on the over-the-counter market was temporarily suspended yesterday following reports that Ascii was encountering difficulty in its search for a capital injection or fresh funding from its banks.

Ascii's debts have grown rapidly as the company has expanded into new ventures, including film production and multi-media. The traditional business of Ascii, founded by three university students in 1977, was publishing, software and integrated circuit design. Ascii is Japan's largest independent software company.

Ascii's net debt stood at Y24.12bn ($190m) at the end of March, compared with Y19.74bn a year earlier. The economic slowdown also forced Ascii's rapid growth to a halt last year, when revenues grew by just 1 per cent to Y34.5bn.

Pre-tax profits, however, grew by 20 per cent to Y1.52bn, following an effort by the company to cut costs.

The company said yesterday that modest growth in the first quarter of the current fiscal year continued but a spokesman said it would have a problem repaying Y10.7bn in convertible bonds.

The Nihon Keizai Shimbun, the economic daily, reported yesterday that Ascii's banks, which include the Industrial Bank of Japan, the Fuji Bank, Sakura Bank and Mitsubishi Bank, want Ascii to shed some of its investments in other companies before they will agree to a new funding package. They also want the company to take more drastic steps to cut costs.

Ascii said it could not comment on the substance of the negotiations, which began last year, until they were completed.

A year ago a boardroom dispute led to the resignation of two of Ascii's founders, leaving the more aggressive Mr Kasuhiko Nishi, 36, as president.

Bristol-Myers share price tumbles

By Karen Zagor in New York

SHARES in Bristol-Myers Squibb, one of the world's largest pharmaceuticals companies, tumbled yesterday morning on reports that the company expected its third-quarter earnings to be at the low end of expectations.

At mid-session, the stock was down $2⅝ to $66¼ in active trading.

Wall Street has been revising its expectations for Bristol-Myers since June. The company then warned of disappointing single-digit second-quarter earnings and sales growth. Yesterday's stock price erosion was less dramatic than the $7½ shed then.

Before yesterday, most analysts had expected the company to earn between $1.15 and $1.29 a share in the third quarter, against $1.08 a year earlier.

Although they expect full-year earnings per share to advance about 7 per cent this year from $3.94 in 1991, the rate of growth is considerably below Bristol-Myers' usual pattern of reporting about 15 per cent earnings growth.

It also calls into question the company's ability to be a serious rival to Merck, the biggest US drugs company, which generally posts earnings improvements in the 15 to 20 per cent range.

Earlier in the year, Bristol-Myers blamed inventory reduction by wholesalers for its disappointing results. According to analysts, the company has also been hit by higher levels of discounting by managed health care groups, which are increasingly insisting on lower prices for drugs.

In addition, sales growth has been held back by higher inventories of anti-cancer and cardiovascular drugs.

Concern about Bristol-Myers performance had little impact on other drug stocks.

HK hotels group lifts earnings 27%

By Simon Holberton in Hong Kong

HONGKONG and Shanghai Hotels, the Kadoorie family's hotels and property company, yesterday unveiled a 27 per cent rise in earnings to HK$159m (US$20.56m) from HK$125m for the six months to June 30.

The rise in interim profit was struck on a 9 per cent growth in turnover to HK$989m from HK$906m. Earnings per share were up 15 per cent to 15 cents from 13 cents.

Directors declared a dividend of 6 cents a share, the same as last time.

Hongkong and Shanghai Hotels is the owner of the Peninsula and the Kowloon Hotels in Hong Kong. It has residential and office property interests in the colony and it also owns the Peak Tram.

Outside Hong Kong it owns the Peninsula in New York and is a part owner of the Peninsula in Manila, the Peninsula Beverly Hills, and the Palace Hotel in Beijing.

Mr Hanmer Webb-Peploe, managing director, said that during the first half tourist arrivals in Hong Kong were up 19 per cent on the Gulf war-induced depressed levels of a year ago.

Occupancy of its two Hong Kong hotels was up from 72 per cent to 78 per cent while levels in the company's other hotels around the world also showed an improvement, he said.

Mr Webb-Peploe said the upward trend in occupancy and rents was expected to continue for the rest of this year.

Navistar losses accelerate to $115m

By Nikki Tait

NAVISTAR International, the largest US truck manufacturer, slumped to an after-tax loss of $115m in the three months to end-July.

The deficit compares with a $31m loss in the same period a year earlier, and brings Navistar's total losses for the first nine months of its financial year to $182m, compared with a $98m loss last time. Sales in the third quarter were up from $861m to $920m, and in the nine-month period, from $2.64bn to $2.74bn.

The company reported signs of improvement in the market for heavy trucks, but added that the market for school buses remained weak. Its shares rose $⅛ to $2 on the news. Navistar said the third quarter loss from continuing operations was a more modest $50m – of which $24m represented a charge for the previously announced recall of school bus chassis.

Discontinued operations comprised a $65m charge covering the settlement of litigation between the company and the Pension Benefit Guaranty Corporation, the federal agency which underpins pension benefits.

Telecom NZ falls 18% to NZ$73.3m

By Terry Hall in Wellington

TELECOM Corporation of New Zealand suffered a 18 per cent fall in profit to NZ$73.3m (US$39.5m) for the first quarter to June 30, against NZ$89.9m last time, but said it was on track for an expected full year.

The profit fall came in spite of more than halved tax payments to NZ$178.6m against NZ$89.9m. Pre-tax profit was down 30 per cent to NZ$91.9m on revenue 6 per cent lower at NZ$597m.

Telecom said its earnings were achieved in a highly competitive environment which did not exist in the comparable period last year.

As expected, redundancy costs soared from NZ$13.2m to NZ$36m while staff costs were down 5.1 per cent as numbers fell by 1,861 to 12,882.

National calls revenue fell 13.9 per cent with volumes 4.1 per cent lower and international revenue 2.5 per cent down. But there was a 33.3 per cent growth in the cellular market.

Revenue from directories rose 9 per cent, and from other services by 123 per cent to NZ$25.8m.

● Baring Brothers, Burrows, in its full report on National Australia Bank's takeover offer bid for Bank of New Zealand, has valued BNZ at between NZ$1.37bn and NZ$1.56bn. This compares with the NZ$1.48bn being offered.

In its report, accompanying a recommendation by independent directors to all shareholders that they accept the offer, the Sydney firm said its valuation, on a discounted cash flow basis, valued the bank in a range of between 74 cents and 84 cents a share. The NAB offer is 80 cents.

The recommendation comes amid growing restlessness among some minority shareholders over the terms of the deal. A number have claimed that they are being disadvantaged.

Writing on behalf of independent directors, Mr Sid Pasley, chairman, said that in their view the offer of 80 cents is fair to minority shareholders. Directors are accepting the offer in respect of their own shares.

MAS rights issue to go ahead

By Daniel Green

MANAGEMENT at Malaysian Airline System (MAS) overcame a shareholder revolt over a rights issue yesterday, and will now go ahead with a one-for-one issue of 350m shares to raise M$1.75bn ($700m) to buy aircraft.

Minority shareholders rejected proposals for the rights issue, arguing that the M$5 price was too high, but they were out voted in a poll of shareholders with more than 10 per cent of the equity, said Mr Zain Azraai, chairman.

Nestlé

Nestlé S.A., Cham & Vevey

Split/Exchange of the registered shares and bearer shares

Qualifying date for the exchange: September 1, 1992

The extraordinary general meeting of the shareholders of Nestlé S.A. held on 18 August 1992 resolved to split the registered shares and bearer shares with a nominal value of SFr 100 into 10 registered and bearer shares with a nominal value of Sfr 10 each. The banks undersigned below will exchange the existing shares at no cost as follows:

	Registered shares	Bearer shares
Before:		
Quantity of securities:	2'510'000	1'130'000
	1 registered share with a nominal value of Sfr 100 (V 213.695)	1 bearer share with a nominal value of Sfr 100 (V 213.697)
	Split 1:10	Split 1:10
Afterwards:	10 registered shares with a nominal value of Sfr 10 (V 213.768)	10 bearer shares with a nominal value of Sfr 10 (V 213.767)
Quantity of securities:	25'100'000	11'300'000

1. Exchange ratio

Registered shares
1 existing registered share of Nestlé S.A. with a nominal value of Sfr 100, certificate without coupon, will be exchanged into
10 new registered shares of Nestlé S.A. with a nominal value of Sfr 10 each, certificate without coupon

Bearer shares
1 existing bearer share of Nestlé S.A. with a nominal value of Sfr 100, with coupons no. 12 & ff., will be exchanged into
10 new bearer shares of Nestlé S.A. with a nominal value of Sfr 10 each, with coupons no. 1 & ff.
The new bearer shares will be issued as single securities and as certificates for 100 and 10 000 bearer shares.

2. Exchange period

September 1, 1992 until November 30, 1992
As from December 1, 1992 only the new securities will be acceptable as «good delivery» on the stock exchanges.

3. Change of trading

The official trading of
- registered shares of Nestlé S.A. with a nominal value of Sfr 100
- bearer shares of Nestlé S.A. with a nominal value of Sfr 100 will continue until Monday, August 31, 1992; trading will stop on all stock exchanges as from Tuesday, September 1, 1992.
From September 1, 1992 only the following securities will be officially traded:
- registered shares of Nestlé S.A. with a nominal value of Sfr 10,
- bearer shares of Nestlé S.A. with a nominal value of Sfr 10

4. Listing

Registered shares
at the stock exchanges of Zurich, Basle, Geneva, Paris, London and Tokyo.
Bearer shares
at the stock exchanges of Zurich, Basle, Geneva, Paris, Amsterdam, Frankfurt, Dusseldorf, Brussels, Vienna and London.

5. Exchange agents

in Switzerland:	Credit Suisse, Zurich, and branches Swiss Bank Corporation, Basle, and branches Union Bank of Switzerland, Zurich , and branches Swiss Volksbank, Bern, and branches Bank Leu Ltd., Zurich and branches BSI-Banca della Svizzera Italiana, Lugano, and branches Banque Cantonale Vaudoise, Lausanne, and branches Zürcher Kantonalbank, Zurich, and branches Berner Kantonalbank, Bern, and branches Zueger Kantonalbank, Zug and branches Banque de l'Etat de Fribourg, Fribourg, and branches Darier, Hentsch & Cie, Geneva Lombard, Odier & Cie, Geneva Coutts & Co. Ltd., Zurich, and branches
in England:	Credit Suisse, London Swiss Bank Corporation, London Union Bank of Switzerland, London
in the United States of America:	Morgan Guaranty Trust Company of New York, New York Credit Suisse, New York
in France:	Crédit Commercial de France, Paris Banque Paribas, Paris
in Germany:	Dresdner Bank Ltd., Francfort/Main and Dusseldorf
in the Netherlands:	Pierson, Heldring & Pierson, Amsterdam
in Austria:	Girozentrale und Bank der österreichischen Sparkassen AG, Vienna
In Japan:	Nomura Securities Co. Ltd., Tokyo Yamaichi Securities Co. Ltd., Tokyo
in Belgium:	Banque Bruxelles Lambert, Brussels

6. Instructions for the shareholders

- Deposited shares
If the registered and bearer shares are deposited in an open safekeeping account with a bank, the exchange of certificates will be done automatically at no cost to customers.

- Shareholders who keep their shares at home
Shareholders who keep their registered shares at home will be informed about the exchange directly by the Share Transfer Office. Shareholders who keep their bearer shares at home are requested to present their shares to their bank or to one of the official exchange agents mentioned above.

Zurich, August 21, 1992

The bank responsible for handling the transaction:
Crédit Suisse

Security numbers

Registered shares	Sfr 100 nom. Value (old)	213 695,	ISIN CH 000 213695 7
Bearer shares	Sfr 100 nom. Value (old)	213 697,	ISIN CH 000 213697 3
Registered shares	Sfr 10 nom. Value (new)	213 768,	ISIN CH 000 213768 2
Bearer shares	Sfr 10 nom. Value (new)	213 767,	ISIN CH 000 213767 4

INTERNATIONAL CAPITAL MARKETS

German bonds recover from early setback

By Sara Webb and Tracy Corrigan in London, and Patrick Harverson in New York

GERMAN government bond prices fell following the release of disappointing German money supply figures for July, but the market later picked up as the Bundesbank Council decided to leave interest rates unchanged at its meeting.

The eagerly-awaited figures showed that M3 money supply grew by 8.6 per cent in July, down from 8.7 per cent in June. The bund market had hoped for a more marked slowdown in money supply growth.

Dealers reported good demand for long-dated bunds later in the day, with some outright buying and lengthening trades leading to a further inversion of the yield curve. The Liffe bund futures contract broke through the 87.88 support level to close at around 87.92.

The bund market ended up about a quarter of a point, with the French-German 10-year bond spread widening from 104 basis points to 109 basis points.

French government bonds ended flat or slightly lower as Wednesday's opinion poll results on the Maastricht Treaty cast some gloom over the market. Recent polls have shown a deterioration in the "yes" vote while a substantial proportion of voters remain undecided.

The French Treasury held its monthly auction yesterday, selling FFr5.05bn of two-year notes and FFr6.6bn of five-year notes.

GOVERNMENT BONDS

■ CANADIAN government bonds rallied strongly after progress on constitutional reform prompted a wave of buying interest.

By the end of European trading, Canadian bonds were ½ point up on Wednesday's close in Canada, having come off earlier highs in volatile trading. A stronger Canadian dollar encouraged foreign investors, who led the rally, according to dealers.

The agreement in principle between the provinces, including Quebec, and the government on the formation of a representative Canadian senate sparked hopes that constitutional reform is at last under way.

The 8½ per cent Government of Canada bonds due 2002 were quoted at 109.15, to yield 7.16 per cent, at the end of European trading, up from 108.64 at the previous close. The spread between Canadian bonds and US Treasuries tightened by 11 basis points to 69 basis points.

■ US TREASURY prices eased at both ends of the market as dealers and investors traded cautiously before President Bush's acceptance speech at the Republican convention in Houston.

By midday the benchmark 30-year government bond was down ⅛ at 98⅔, yielding 7.330 per cent. The two-year note was also slightly weaker at midsession, down 1/32 at 100⅝, to carry a yield of 4.013 per cent.

For the past week the market has been unsettled by rumours the president would unveil tax cuts in his acceptance speech. Bond investors fear tax cuts because they threaten to widen the budget deficit, and to revive inflationary pressures in the economy.

■ JAPANESE government bonds closed lower as a rebound in the Tokyo stock market prompted a wave of profit-taking.

The yield on the benchmark No 129 opened at 4.705 per cent and reached 4.66 per cent on hopes of a cut in interest rates. However, as the stock market rallied, investors took profits and the No 129 closed with a yield of 4.73 per cent in Tokyo, moving to 4.74 per cent in London trading.

The Nikkei stock index ended 617.02 points higher at 15,267.76, closing above the psychologically important 15,000 level for the first time in eight sessions.

The bond market has rallied strongly in recent weeks as the drop in stock prices raised hopes of a further easing in monetary policy.

■ UK government bonds ended an active trading session only slightly firmer as sterling weakness limited the market's gains. The 11¾ per cent gilt due 2003/07 edged up from 115⅜ at the opening to 115½ by late afternoon to yield 9.35 per cent while short-dated gilts ended little changed.

Volumes in the futures market were relatively high with about 35,000 contracts traded. The Liffe gilt futures contract slipped from 97.24 to 97.20 by late afternoon.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	110.9090	-0.656	8.35	8.48	8.71
BELGIUM		8.750	06/02	98.5000	+0.100	8.98	9.04	8.96
CANADA *		8.500	04/02	109.2000	+0.850	7.16	7.13	7.79
DENMARK		9.000	11/00	98.1500	-0.150	9.86	9.53	9.26
FRANCE	BTAN	8.500	03/97	98.4585	-0.138	9.46	9.42	9.29
	OAT	8.500	11/02	98.6200	+0.020	9.00	9.04	8.99
GERMANY		8.000	07/02	100.5900	+0.320	7.91	8.05	8.06
ITALY		12.000	05/02	93.3600	+0.130	13.67†	13.92	13.99
JAPAN	No 119	4.800	06/99	100.3616	-0.078	4.73	4.93	5.23
	No 129	6.400	03/00	109.1687	-0.185	4.76	4.91	5.12
NETHERLANDS		8.250	06/02	99.4650	+0.090	8.32	8.41	8.39
SPAIN		10.300	06/02	88.6000	+0.200	12.15	12.12	12.15
UK GILTS		10.000	11/96	101-19	-2/32	9.52	9.60	9.32
		9.750	08/02	103-11	+2/32	9.22	9.39	9.10
		9.000	10/08	100-02	+2/32	8.99	9.13	8.92
US TREASURY *		6.375	08/02	99-08	-6/32	6.48	6.72	6.84
		7.250	08/22	98-31	-7/32	7.34	7.27	7.61
ECU (French Govt)		8.500	03/02	94.9100	+0.260	9.31	9.45	9.37

London closing, *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Canadian new issue activity stalls

By Tracy Corrigan

A STRONG rally in the Canadian government bond market yesterday sparked expectations of supply in the Euro-Canadian sector. However, poor swap conditions and a lack of borrowers requiring Canadian dollar funding have temporarily stalled new issue activity.

Canadian dollar Eurobond spreads widened as government bond yields fell faster than Eurobond yields, while swap spreads remained tight.

"The market has almost rallied too far [for Eurobond issuance]," said one syndicate official. The Canadian sector of the Eurobond market has traditionally had a substantial retail investor base, viewing the market as a high-yielding alternative to US dollars. With coupons for 10-year Canadian Eurobonds likely to be in the region of 7½ per cent to 7¾ per cent, the market is no longer an obvious buy for European retail investors, who must now be persuaded that the currency is set to appreciate, dealers said. The steep yield curve means that shorter-dated deals will offer even lower yields.

INTERNATIONAL BONDS

Meanwhile, Crédit Foncier de France added a further $50m to its $150m issue of floating-rate notes launched on Wednesday, on a quieter day for the recently hectic floating-rate sector, as the market absorbed Wednesday's $500m offering by BankAmerica.

● The Royal Bank of Scotland has increased its $200m issue of preference share capital, launched on August 3, to $400m, making it the largest overseas bank issue in the US preference share market.

"This issue reinforces the strength of our capital base in a very cost-effective way," said Mr Kenneth Thompson, group finance director of the Royal Bank. The shares, which pay a dividend of 9¼ per cent, qualify as tier 1 capital under international bank capital guidelines which come into force next year.

● Guinness has set up a $1bn programme, which provides for the issuance of listed Eurobonds as well as medium-term notes. The multi-currency programme, arranged by Morgan Stanley International, includes a D-Mark option.

The company, which will use the programme to refinance short-term debt, expects to start issuing paper under the programme in the latter part of September.

Moody's lowers ratings on two Japanese banks

By Emiko Terazono in Tokyo

MOODY's Investor Service, the US credit rating agency, yesterday lowered the long-term ratings of the Industrial Bank of Japan and Norinchukin Bank, two of Japan's leading banks.

Japanese banks face mounting non-performing property related loans due to the sharp fall in the country's real estate market. While the banks have low direct exposure to the domestic real estate sector, they are experiencing severe problems because of loans to non-bank financial institutions which lent heavily to property related developments in the late 1980s.

IBJ, the largest long-term credit bank, saw its long-term debt lowered from Aa2 to Aa3. Moody's said the downgrade was based on the bank's real estate-related asset quality trends, as well as long-term profitability. The agency expressed concern over the effect of IBJ's weak internal controls on the credit quality of the bank.

Increasing competitive pressures due to financial deregulation are also expected to erode IBJ's profitability.

Moody's also lowered its long-term debt ratings of Norinchukin, the central banking institution for agricultural co-operatives, from Aa1 to Aa3. Moody's said the downgrade reflected the bank's vulnerability to asset quality deterioration, and the weakening condition of the smaller financial institutions related to the agricultural co-operative system.

Treasurers digest details of privatisation debt sale

Maggie Urry examines the auction's structure

THE structure dreamed up by Baring Brothers for the UK government's sale of privatised companies' debts had corporate treasurers of the businesses concerned scratching their heads yesterday.

Although they knew the debt sale was coming, they only learnt the intricacies of the sale in letters sent to them yesterday. Given also a natural reluctance to show their hands in advance of a bidding process, many retreated behind statements about the need for further consultation and the complexity of the tax issues involved.

A period for consultation, between now and the end of September, has been built into the sale timetable. Details of the mechanics of the sale will be announced by the end of September with the auction taking place soon afterwards.

The auction aims to sell £1bn of the £3.7bn debt, with maturities after 1997 and paying interest rates between 11¼ per cent and 13 per cent, owed by BT and 12 electricity companies to the government.

The debt will be sold in whole tranches – there are 29 in all with the largest being a £350m loan to National Power – so the total of £1bn is approximate. Within that constraint, though, the highest bidders will be included in the £1bn and the loans of the rest will continue to run.

Because there are different terms on the debt of BT and the electricity companies, the debt is being divided into two pools. BT, which has £1.7bn of the debt in question, will be in one pool able to bid for the debt itself but also competing against outsiders who can bid as well. In the other pool are the electricity companies with a total of £2.1bn of debt.

There is no fixed allocation of purchases between the two pools – the government could sell the whole £1bn to BT or to the electricity companies – so the bidders in each pool are in effect bidding against the other pool, as well as against rivals in the same pool.

Mr Douglas Brown, head of capital markets at Barings, said that the structure of the deal "will create price tension within and between the bidders". This should, he believed, maximise proceeds for the taxpayer.

A further complication is that the tranches carry different interest rates and maturities, and the covenants on the loans vary between borrowers. There are also tax angles to consider. Thus absolute prices for the debt cannot be compared.

To resolve this Barings will set a benchmark price for each tranche of debt on a tax adjusted basis. Bidders will then put in prices expressed at a premium to the benchmark price. Bids will be accepted in terms of descending order of the percentage premium offered.

While the government is trying to whip up excitement for the buy-back, in order to achieve the best price, the companies are keen to appear relaxed. Most have strong balance sheets, some with net cash.

So there is no great pressure to refinance their debts at lower rates, especially as they will have to pay a premium to buy the debt back. This premium will not be tax deductible while the interest payments are.

"Everyone will work out a price where the effect will be neutral, and no-one will bid above that," one analyst said.

However, there is another, non-economic, incentive for the companies to bid. In BT's case it is bidding against third parties – and BT is one of the few UK corporates with AAA rated debt – while the electricity companies know that if they do not buy their debt back the government will be free to sell it next year.

Buying the debt back will give them control of their borrowings again. As the covenants on the government loans are in general more restrictive than is usual on bank debt or bonds, the buy-back would make it easier for the companies to deal with other lenders.

With so many factors to consider, the companies and their advisers, as well as potential third party bidders for the BT debt, have much to think about over the next few weeks. One conclusion that can be reached at this stage is that the process will be fascinating.

G30 names head of study group

By Tracy Corrigan

THE Group of Thirty has appointed Mr Dennis Weatherstone, chairman of JP Morgan, to head its new study group on the risks associated with derivative financial products. Mr Weatherstone is a founding member of the group, a Washington-based think-tank chaired by Mr Paul Volcker.

"The economic benefits of cost reduction and risk transfer that derivatives generate need to be weighed against their actual and potential costs," according to the Group of Thirty.

The study group has three aims: to contribute to a broader understanding of the nature of derivatives; to develop a guide to principles of management practice for market participants; and to provide input to discussions among supervisors and regulators.

A number of regulatory and supervisory authorities, including the Basle Committee, are currently reviewing the level of risk created by derivatives business. Mr Gerald Corrigan, president of the New York Federal Reserve, and Mr Alexandre Lamfalussy, general manager of the Bank for International Settlements, are among senior figures to have expressed concern over the issue.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8.55 pm on August 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	107¼	108¼	-⅛	4.85
ALBERTA PROVINCE 9 3/8 95	600	111½	112	[illegible]	5.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94¼	95¼		10.13
COPENHAGEN TEL 8.5/8 96 LFr	600	98½	99¼		9.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	42	2	32
Other Fixed Interest	12	1	2
Commercial, Industrial	180	294	963
Financial & Property	115	142	545
Oil & Gas	16	15	55
Plantations	0	0	9
Mines	23	36	90
Others	25	52	45
Totals	413	542	1,741

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. a Offered to holders of ordinary shares as a "rights". I Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ◆ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ◆ Units comprising 1 Ord. and 1 Zero Div. Pref. share. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref. shares.

TRADITIONAL OPTIONS

- First Dealings Aug. 17
- Last Dealings Aug. 28
- Last Declarations Nov. 12
- For settlement Nov. 23

3-month call rate indications are also shown on this page.

Calls in Forte, Mirror Group, Premier Cons., Racal Elects. and Tarmac. Put in Spring Ram.

LIFFE EQUITY OPTIONS

Option		Calls			Puts		
		Oct	Jan	Apr	Oct	Jan	Apr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Biscuits (*300)	300	15	23	29	15	17	28
	330	4½	10	14	36	38	42
Unilever (*946)	900	67	88	103	10	17	24
	950	34	54	68	27	37	43

Option		Nov	Feb	May	Nov	Feb	May
Brit. Aero (*207)	180	42	50	53	15	21	25
	200	30	39	45	27	30	35
	220	23	31	36	36	42	47

Option		Calls Nov	Feb	May	Puts Nov	Feb	May
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle (*176)	160	20	25	31	3	7½	10
	180	5½	14	20	12	16	19
British Gas (*236)	220	21	23	29	2	7½	9
	240	6	13	19	8	17	19
Dixons (*198)	180	22	31	36	3½	7	11
	200	8½	18	24	10	14	18
Eurotunnel (*351)	330	38	59	70	7	20	26
	360	20	28	33	20	38	41

EURO FT-SE INDEX; FT-SE INDEX: [illegible]

PUTS								
Aug	½	½	½	½	1½	6½	43	93
Sep	5	8	12	18	27	44	69	106
Oct	13	19	25	33	45	63	88	118
Nov	19	24	32	42	55	73	97	126
Dec	28	-	35	-	61	-	99	-
Jan †	-	-	-	-	85	-	120	-

August 20 Total Contracts 27,153
Calls 15,167 Puts 11,986
FT-SE Index Calls 4,167 Puts 2,981
Euro FT-SE Calls 413 Puts 2,084
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

Industrials	p								
Allied-Lyons	49	Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Amstrad	6	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Astec (BSR)	3	Courtaulds	43	Lex Service	22	TI	55	BP	18
BAT Inds	58	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BOC	53	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BTR	35	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
Barclays	29	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¼
Blue Circle	24	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Boots	34	Gen Accident	38	NatWest Bank	28	Vickers	15	Tuskar Res	½
Bowater	60	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Brit Aerospace	26	Glaxo	62	Racal Elect	5½	■ PROPERTY		RTZ	47
British Steel	7	Grand Met	38	RHM	18	Brit Land	18		
BT	25	GRE	13	Rank Org	55	Land Sec.	30		
Cadburys	38	Hanson	18	Rathers	3	MEPC	28		
		ICI	95	Reed Intl	44	Mountleigh	1½		

Forced to prove the efficacy of its formula

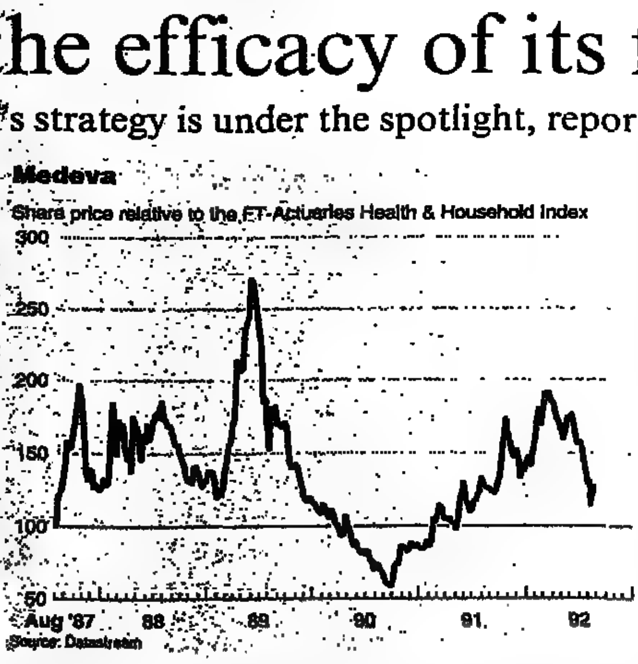
After a period of rapid growth Medeva's strategy is under the spotlight, reports Richard Gourlay

HAS THE music stopped for Medeva, one of the newest and most intriguing additions to the exclusive club of world pharmaceutical companies?

As recently as last March, with its share price riding near 300p and a runaway stock market rating, Medeva had its eyes firmly fixed on joining the FT-SE 100 by the middle of the decade, less than six years after it was founded.

Five months later, a significant brake has been applied to the Medeva merry-go-round. At one point last week, Medeva's share price had halved to 150p – though it has subsequently bounced to 175p – and its market capitalisation had fallen to just over £330m.

Bernard Taylor: a need to expand internationally



Acquisitions backed by the issue of shares have been put on the back burner and the company is being forced to prove, earlier than expected, that it can generate the organic growth it has promised.

Medeva's management, led by Mr Bernard Taylor, former chief executive of Glaxo, and Mr Ian Gowrie-Smith, a successful Australian financial engineer, has consistently followed a neat and compelling game plan.

In their first two years they began buying companies and mature drug portfolios from large groups such as Wellcome, with the chunkiest acquisitions financed by the issue of highly-rated shares. Because the assets Medeva acquired were on much lower ratings, each acquisition automatically enhanced earnings, even before *the benefits of any operational* synergies.

At the same time, Medeva has been looking for companies that would push it into international markets. And finally, it has started its own development effort by acquiring drugs that other companies have taken close to the registration stage.

While this plan has not changed, the market has clearly had second thoughts. US disenchantment with the health care sector is partly to blame, as the fall in the number of shares held in American Depositary Receipt form suggests. And a self-fulfilling downward spin may have developed; investors who were looking for heady acquisition-driven growth may have sold as it became increasingly unlikely that Medeva would issue paper as its shares fell.

More seriously, however, sceptics say Medeva may be an echo of some racy 1980s companies that ground to a halt *when they were no longer able* to maintain their high ratings.

The spotlight is therefore firmly fixed on Medeva's interim results in September when investors will get a better picture of organic growth from the 10 acquisitions to date.

Mr Taylor accepts that the share price fall has temporarily ruled out the issue of paper and that this will limit the pace and size of acquisitions. But it will only *slow, rather* than halt, the transition to a viable medium-sized pharmaceutical company within the next three to four years, the chief executive says.

To reach that critical mass – sales of about £500m, compared with £82m last year – Mr Taylor says Medeva probably needs to add two or three more product areas to its vaccines, pain management and respiratory products businesses.

It also needs to expand inter*nationally, particularly* in the US, which is likely to be its largest market as it has decided not to try to break into Japan, Germany, France and Italy. The likely route will be to buy small companies with sales forces. It will also need to buy more development products that are in the late stage of clinical development, like the hepatitis B technology bought in March.

But with new share issues *temporarily ruled out and the* company uncomfortable about higher gearing after it bought International Medical Systems of the US largely for debt in June, cash from operations becomes Medeva's main source of acquisition finance.

"There is a prolongation of risk," says Mr Taylor. But it does not mean Medeva has run into the buffers.

Investors, he says, have focused too much on the group's acquisitions and not enough on its organic growth potential and the quality of its *pharmaceutical management*. "What we have to do is show that we are building a pharmaceutical company through acquisitions; we are not acquiring companies that happen to be pharmaceutical companies," he says. "Perhaps it is not recognised that the majority of our directors are the salt of the pharmaceutical earth."

One obvious blot on the Medeva copybook is its involvement in unbranded generic drugs, a fiercely competitive business which still accounts for a large, though decreasing percentage of sales.

But analysts are also wary about the quality of earnings from unbranded generics, a part of Medeva Mr Taylor does want to remain in long-term.

Not that forecasts of pre-tax profits have changed very much between the peak of Medeva's share price in March and the recent low: pre-tax profits forecasts range at about £36m for the year to December, more than double that of 1991 because of the effect of acquisitions.

"But there is a debate about what sort of rating you should give to a stock like this," says *one sector analyst. Medeva's* purchase of a range of smaller and older drugs which are not followed as closely as blockbusters such as Zantac, means investors have to take much more about its markets on trust from the company.

"It's getting harder to extrapolate how much security of earnings you have got in there," the broker says.

September's interims may hold some of the answers. And a sharp share price recovery would re-open the market for new issues. But until Medeva has attained a greater critical mass, investors must be prepared to be subjected to a bumpy ride.

NEWS DIGEST

Dawsongroup scores sharp recovery

DAWSONGROUP, the Milton *Keynes-based* commercial vehicle hire and distribution concern, reported a sharp turnround into profits at the interim stage.

The pre-tax line of £1.97m for the six months to June 30 compared with a deficit of £197,600 and exceeded the group's last full-year outcome of £1.13m.

Mr Peter Dawson, chairman, said truck sales and contract hire remained depressed but demand for short-term rentals was reasonably strong.

Turnover edged ahead to £22m (£21.5m). After tax estimated at 15 per cent, earnings per share emerged at 4.5p (losses of 0.5p). An interim dividend of 0.75p (nil) is declared.

Wyevale grows to £3.1m

WYEVALE Garden Centres yesterday reported a 40 per cent increase in pre-tax profits, from £2.2m to £3.09m, in the six months to June 30.

Turnover of this USM-quoted group, helped by the integration of the Cramphorn garden centres, increased by £8.68m to £30.3m.

Like-for-like sales from the Wyevale centres, taking out the effect of the Cramphorn acquisition, showed a 3.1 per cent improvement. Net operating margins increased from 16.9 per cent to 17.5 per cent.

Mr Christopher Powell, chairman, said the anticipated *post-election upturn had failed* to materialise in a sustained manner, and trading conditions remained extremely tough.

As a result of the Cramphorn acquisition, current levels of debt were higher than previously experienced. However, the group remained in a strong financial position, with gearing of 40 per cent at the period end, he added.

Basic earnings per share were unchanged at 7.3p. Fully diluted earnings increased slightly from 6.8p to 7p. The interim dividend is maintained at 2.48p.

EIT cuts deficit to £190,000

EIT, the USM-quoted information technology group formerly known as Maxiprint, cut its losses from £246,000 to £190,000 pre-tax for the year to March 31.

The results were the first to be announced by EIT since it was created in its current form via three acquisitions during the 1991-92 year.

Turnover totalled £7.03m (£485,000) and losses per share emerged at 1.3p (4.15p).

Shorco declines 9% to £105,000

In fierce competition and with margins "under severe pressure" pre-tax profits at Shorco Group Holdings fell by 9 per cent to £105,000 in the half year to June 30.

However, turnover of this USM-quoted group, which operates within the depressed construction sector, increased to £3.55m (£3.26m) due to the performance of Shorco Trench Systems.

The interim dividend is maintained at 2.4p on earnings per share of 2.3p (2.5p).

Loss cut at Applied Holographics

Applied Holographics, the USM-quoted maker of hot stamping foils and embossed holograms, cut pre-tax losses by £1m to £1.62m for the year *to March 31. Turnover fell from* £5.19m to £4.89m.

Mr David Mahony, chairman, said that a significant contributor to last time's loss was the US subsidiary, Applied Holographics Corp, which was a cash drain on the company. That company was now jointly-owned with CFC International, a Chicago-based foil and coating company, and has been renamed *CFC Applied Holographics*. It was now trading at break-even, Mr Mahony said.

The foil company, Transfer All Purpose Foils, continued to maintain market share in depressed conditions both in the UK and continental Europe, he said.

Losses per share were 9.1p (17.3p restated).

Lec Refrigeration halved to £320,000

Pre-tax profits of Lec Refrigeration, a maker of refrigeration equipment and associated products, fell by 54 per cent to £320,00 for the six months to June 30.

The deepening recession hit sales which fell to £19.3m (£24.2m). However, actions previously taken to contain production costs ensured that the company stayed in profit.

Earnings per share were cut to 3.54p (7.75p) but the interim dividend is held at 4p.

The new "turbo" larder refrigerators introduced in June had been well received, directors said, and they *hoped* to increase market share in the second half. However, they expected no overall improvement until there was a recovery in the housing market.

Bad debts behind fall at T Clarke

T Clarke, the *south* London-based electrical services group, suffered a 44 per cent contraction in profits for the six months to June 30.

Directors blamed the fall – from *£1.2m* to *£672,207* pre-tax – on reduced interest receivable and increased bad debt provisions of £120,776 (£16,582).

Turnover dipped to £30.1m (£33m) and is expected to fall slightly in the second half. Earnings per share emerged at 3.404p, down from 6.135p, but the interim dividend is maintained at 1.26p.

Reduced deficit at JW Spear

JW Spear, the Enfield-based toys and games manufacturer, reported sharply reduced losses in its seasonally unfavourable first half.

Losses before tax were £315,000 for the six months to June 30, down from £638,000 at the same stage of 1991. The group, famed for its Scrabble game, achieved profits of £2.53m pre-tax in the full 1991 year.

The outcome reflected lower interest payable of £5,000 (£125,000). Turnover was marginally lower at £8.28m as France proved a "lacklustre" market following the impact of video games, said Mr Francis Spear, chairman.

Losses per share were cut to 5.78p (8.19p) and the interim dividend goes up to 2.5p (2p).

Kode Intl more than doubled to £330,000

Kode International more than *doubled* profits in the 26 weeks to June 26 and has restored some of the previous cut in the dividend payment.

The electronics and computer services group raised the pre-tax figure from £126,000 to £330,000 on sales up 29 per cent at £9.64m.

The interim dividend is been raised by 0.5p to 1.5p on earnings of 2.7p (0.6p). In 1991, when profits were hit by redundancy and compensation costs, the overall dividend was reduced by 3.5p to 4p.

There is no payment due on the shares created by the rights offer in July to finance the acquisition of DCM Services. The directors said yesterday that the two companies should be integrated by the year end.

Wagon Ind acquires Phoenix Supplies

Wagon Industrial, the Telford-based materials handling, engineering and motor components group, has bought Phoenix Supplies, which provides presswork for the electrical and automotive industries.

It is paying an initial £1.3m, comprising £435,000 cash, £365,000 in loan notes and 98,824 shares, and could pay a further £400,000 in loan notes next year depending on Phoenix's financial performance up to March 1993.

Wagon plans to run the Phoenix business alongside its presswork operations, centred on its Edward Rose subsidiary.

Jos Hldgs asset value at 163.85p

Jos Holdings had a net asset value of 163.85p per share at its July year end against 180.85p a year earlier. The figures were reversed in the Stock Exchange News Service release and thus in the FT's report yesterday.

Bellwinch cuts losses to £98,000

Bellwinch, the Wembley-based builder which finalised its reconstruction in January, reduced pre-tax losses to £98,000 in the year to June 30.

The company said the five-month delay meant that interest costs of £595,000 (£2.68m) depressed the final result, which compared with a £15m deficit last time. A tax credit of £113,000 resulted in a net profit of £15,000 this time.

The exceptional item of £14,000 (£11.8m) reflects the over-run on the reconstruction costs.

FIDELITY FUNDS

Société d'Investissement à Capital Variable
Incorporated in Luxembourg, RC No B.34036
3rd Floor, Kansallis House
Place de l'Etoile, B.P. 2174
L-1021 Luxembourg

NOTICE OF EXTRAORDINARY MEETING OF SHAREHOLDERS OF FIDELITY FUNDS – HONG KONG FUND

Notice is hereby given that at an Extraordinary Meeting of Shareholders of Fidelity Funds - Hong Kong Fund ("Hong Kong Fund"), a sub-fund of Fidelity Funds a Société d'Investissement à Capital Variable organised under the laws of the Grand Duchy of Luxembourg, will be held at the registered office of Fidelity Funds at 3rd Floor, Kansallis House, Place de l'Etoile, BP 2174, L-1021 Luxembourg on 23rd September, 1992 at 1.00 p.m. to consider and, if thought fit, to pass a resolution to extend the investment objectives of Hong Kong Fund to permit investment in securities in China and to rename the fund.

A quorum at the Extraordinary Meeting is holders of shares of Hong Kong Fund present in person or by proxy whatever their number and the number of shares held by them.

Subject to the limitations imposed by the Articles of Incorporation of Fidelity Funds with regard to ownership of shares by US persons or shares which constitute in aggregate more than three percent of the outstanding shares of Fidelity Funds, each share of Hong Kong Fund is entitled to one vote. A shareholder of Hong Kong Fund may attend and vote at the Extraordinary Meeting or may appoint a proxy to attend and vote. Such proxy need not be a shareholder of Fidelity Funds.

In order to be able to participate at the Extraordinary Meeting, holders of bearer shares must deposit their bearer share certificates with Bankers Trust Luxembourg S.A., P.O. Box 807, 14 Boulevard F.D. Roosevelt, Luxembourg.

To be valid, proxies must reach the registered office of Fidelity Funds by 22nd September, 1992 at 5.00 p.m. (Luxembourg time) at the latest.

Alternatively, shareholders resident in Hong Kong may deliver or send their proxy to the Hong Kong representative of Fidelity Funds, Fidelity Investments Management (Hong Kong) Limited, at 19/F Jardine House, 1 Connaught Place, Central, Hong Kong, to arrive not later than 5.00 p.m. (Hong Kong time) on 22nd September, 1992.

Dated 5th August, 1992

BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

Trading period ending	Provisional Price for Trading day of 21/8/92 Pool purchase price £/MWh	Final Prices for Trading on 24/07/92 Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.71	21.09	23.00
0100	[illegible]	17.80	17.80
0130	17.71	17.80	17.80
0200	17.71	17.80	17.80
0230	17.71	17.80	17.80
0300	17.71	17.80	17.80
0330	17.71	17.80	17.80
0400	17.71	17.80	17.80
0430	17.71	17.80	17.80
0500	17.71	17.80	17.80
0530	17.71	17.77	17.77
0600	17.71	17.70	17.70
0630	17.86	17.69	17.69
0700	20.43	17.77	17.77
0730	24.64	23.56	25.85
0800	[illegible]	24.04	26.02
0830	25.58	[illegible]	28.11
0900	25.59	27.71	29.77
0930	[illegible]	28.03	30.04
1000	28.04	28.04	30.02
1030	28.04	[illegible]	30.02
1100	[illegible]	28.06	30.03
1130	28.06	28.07	30.06
1200	28.06	28.08	30.08
1230	28.04	28.07	30.06
1300	28.03	28.04	30.03
1330	27.79	27.71	29.69
1400	25.68	26.09	28.04
1430	[illegible]	26.06	28.02
1500	24.64	26.06	28.02
1530	24.64	26.62	27.47
1600	[illegible]	25.52	27.46
1630	24.33	28.00	30.01
1700	24.33	28.02	30.00
1730	[illegible]	28.02	29.98
1800	24.93	28.01	30.01
1830	23.63	27.99	30.02
1900	23.03	26.07	27.03
1930	23.03	24.85	26.82
2000	17.88	24.04	26.00
2030	21.73	22.73	24.66
2100	23.96	22.73	24.68
2130	[illegible]	27.98	30.10
2200	24.33	27.99	30.07
2230	23.03	[illegible]	30.08
2300	21.12	27.98	30.11
2330	20.76	21.79	23.71
2400	20.08	20.09	21.96

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

NGC Settlements Limited 1992

NOTICE TO HOLDERS OF UNITS IN THE KOREA TRUST

NOTICE IS HEREBY GIVEN that the Manager for the subject Trust, Daehan Investment Trust Co., has confirmed that the tenth distribution is to be made on and after August 28, 1992. Record date for this payment was June 30, 1992.
Unit holders may now present Coupon No. 11 to the paying agents listed below. Value of the distribution is WON 821 per unit which will be paid in U.S. dollars at the current dollar selling rate quoted by the Korea Exchange Bank on the day that remittance of dividends is made.
Distributions to non-residents of Korea are subject to Korean withholding tax at 26.875 per cent. Residents of countries having a tax treaty with Korea may, upon presentation of a valid affidavit, in duplicate, receive the distribution at the following reduced withholding tax rates.
10% – Hungary, Poland
12% – Japan
12.5% – Pakistan
16% – Australia, Austria, Bangladesh, Belgium, Brazil, Denmark, Finland, France, Germany, Indonesia, Ireland, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Singapore, Sri Lanka, Sweden, Switzerland, Tunisia, United Kingdom.
16.125% – U.S.A., Philippines, Canada.
20% – India, Turkey.
26.875% – Thailand.
The valid affidavit required by the Korean Tax authorities must take the form of a copy of a passport, I.D. Card, Certificate of Incorporation, or Certificate of residence issued by Federal or Local Government. An amended affidavit form C as used for the U.K. tax authorities is not acceptable.
Residents of Belgium and the Netherlands should surrender two original copies of affidavit of residence issued by their tax authorities under the current tax treaties between them and Korea.

Paying Agents:
Main offices of Citibank, N.A., in
Brussels, Hong Kong, London, Tokyo, Zurich and
Citibank (Luxembourg) S.A., in Luxembourg.

21st August, 1992

CITIBANK N.A., London
Principal Paying Agent

First Union Corporation
U.S. $150,000,000
Floating Rate Notes due 1996

The rate of interest per annum on First Union Corporation's U.S. $150,000,000 Floating Rate Notes due 1996 for the interest period beginning 20th August, 1992, and ending 20th November, 1992, the next interest payment date, will be 3.5625%. The amount of interest payable for such interest period on each $10,000 principal amount of the Notes will be $91.04.

Bankers Trust Company, London Agent Bank

FIRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LIMITED

International Depositary Receipt
issued by
Morgan Guaranty Trust Company of New York

Notice is hereby given to the shareholders that:

Payment of coupon number 47 of the International Depositary Receipts will be made in US dollars on or after August 21st 1992 at the rate of US$ 0.082 per ordinary share at the following offices of Morgan Guaranty Trust Company of New York.

- New York, 30, West Broadway
- Brussels, 35, Avenue des Arts
- London, 60, Victoria Embankment
- Frankfurt, 44448 Mainzer Landstrasse

The dividend is not subject to any Australian tax. The Belgian withholding tax will be applicable to IDR holders presenting their coupons to the offices of the Depositary without the appropriate non-Belgian resident certificate.

Depositary

Morgan Guaranty Trust Company of New York
35, Avenue des Arts, 1040 Brussels

MBE Finance N.V.
US $50,000,000
Guaranteed Dual Basis Bonds due 2002

In accordance with the provisions of the Notes, notice is hereby given as follows:

Interest period:	August 20, 1992 to February 22, 1993
Interest payment date:	February 22, 1993
Interest rate:	4.00% per annum
Coupon amount per Note of US $500,000:	US $10,333.33

Banque Internationale à Luxembourg
Agent Bank

AKZO

FMR Corporation, of 82 Devonshire Street, Boston, Massachusetts (U.S.A.), has revoked its earlier letter of disclosure to the effect that it held shares in Akzo N.V. equivalent to an interest of 7.87 percent, as this letter was based on an incorrect interpretation of the Dutch Major Holdings in Listed Companies Disclosure Act ("Wet Melding Zeggenschap"). On March 2, 1992, Akzo nad inserted a notice in the papers to confirm receipt of this letter of disclosure.

Simultaneously with the present revocation, we received a letter of disclosure from Fidelity Magellan Fund, of 82 Devonshire Street, Boston, Massachusetts (U.S.A.), stating that it holds shares in Akzo N.V. equivalent to a direct, real interest in the company of 5.88 percent.

Akzo N.V.

Arnhem, August 10, 1992

To The Holders of
Banco Central de Costa Rica
US $66,611,115 Series A Interest Claims Bonds Due May 21, 2005
US $76,435,529 Series B Interest Claims Bonds Due May 21, 2005

NOTICE IS HEREBY GIVEN, that the rate of interest from August 21, 1992 through and including November 20, 1992 is 4.265625% per annum. Interest coupon payable on November 21, 1992 will amount to $856.56 per $100,000 nominal face amount.

By BankAmerica Trust Company of New York as Fiscal Agent

Dated August 21 1992

TR WORLDWIDE STRATEGY FUND

Registered Office: 13 rue Goethe
L-1637 LUXEMBOURG
R.C. Luxembourg B 28,887

NOTICE OF SUSPENSION IN DEALING

It is hereby advised that dealing in the Japan Fund was suspended on Tuesday, 18th August 1992. This arrangement is approved by the Directors to ensure an equitable dealing policy.

By order of the Board

NOTICE OF REDEMPTION
SALOMON INC
MEDIUM TERM NOTES, SERIES B
FLOATING RATE

NOTICE IS HEREBY GIVEN that Salomon Inc, a Delaware corporation, will redeem as of September 21, 1992 (the "Redemption Date") its Yen 3 billion, 8.3% Bearer Note, due September 21, 1995 (the "Yen Note"). The redemption price paid will be the principal amount of the Yen Note. On the Redemption Date, the redemption price will become due and payable upon presentation and surrender of the Yen Note and interest on the Yen Note will cease to accrue on and after said date. The Yen Note should be presented and surrendered for payment at the address below:

Citibank, N.A.
Euronotes Department
11 Old Jewry
London EC2R 8DB

DATED: August 17, 1992

SALMON INC
By: Citibank, N.A., As Trustee

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Data source: The Professional Investment Community Worldwide 1991 (MPG Int'l)

FT SURVEYS

MALAYSIA

The FT proposes to publish this survey on August 28 1992.
The Financial Times is the best read publication among Europe's top Chief Executives and among those European Executives taking strategic decisions about the international operations of their company*.
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Data source. Chief Executives in Europe 1990, CBRS 1991*

FT SURVEYS

European growth lifts Rentokil

By Roland Rudd

EUROPEAN expansion helped Rentokil, the environmental and property group, report a 21 per cent growth in pre-tax profits for the six months to June 30.

The rise – from £42.3m to £51.1m – was further boosted by a strong performance from environmental services, including pest control, healthcare and tropical plant maintenance.

Mr Clive Thompson, chief executive, said that with about 55 per cent of profits generated outside the UK the group would continue to meet its promise of annual earnings growth of 20 per cent.

"We are not limited by a single market such as a large supermarket chain in the UK. We have the opportunity to grow ... in every significant market in the world."

Overall sales increased to £210.4m (£191.8m). Environmental services generated £181.9m (£163.5m) with property services accounting for £28.5m (£28.2m).

The biggest growth occurred in Europe with sales of £61.8m (£51.9m) and pre-tax profits of £14.3m (£11m).

Mr Thompson said: "We started from a lower base and were helped by some strategic acquisitions. The recession has not affected the Continent as badly as the UK."

In spite of the economic downturn in the UK the group reported sales of £86.4m (£80.5m) and increased pre-tax profits of £22.2m (£19m).

Asia Pacific and Africa saw sales rise to £41.4m (£37.3m) and pre-tax profits increase to £9.62m (£8.93m).

North America was the only market to report a fall in sales with turnover down from £22.1m to £20.9m, mainly because of the weakness of the dollar. Pre-tax profits were little changed at £3.3m.

Mr Thompson said net cash of £39.8m enabled the group to consider more acquisitions throughout the world. "The recession has meant that there are more companies to select from when looking at acquisitions".

Interest income increased to £1.77m (£197,000).

Earnings and dividends per share were 3.351p (2.785p) and 0.64p (0.532p) respectively, after adjusting for a share split in May.

See Lex

Alfred McAlpine falls £71,000 into red

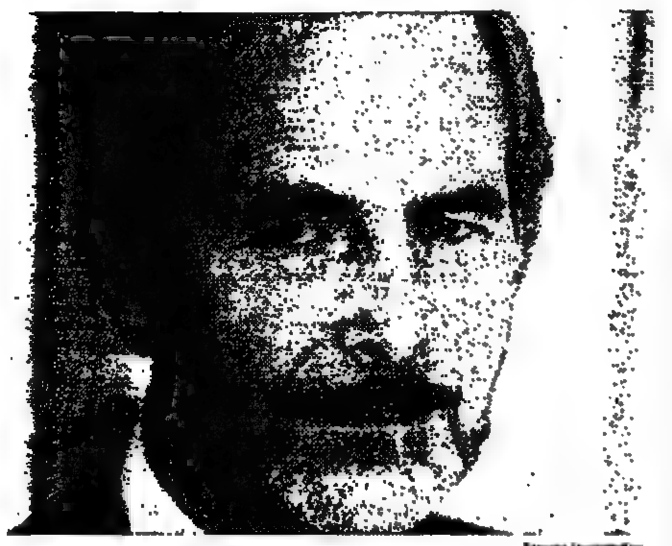
By Angus Foster

DEPRESSED house prices and recession in the construction industry almost wiped out operating profits at Alfred McAlpine, which fell from £4.7m to £879,000 in the six months to April 30.

But a reduced interest charge of £950,000 (£4.01m), helped by the proceeds of last year's £39m rights issue, contained the pre-tax loss to £71,000, compared with a profit of £700,000 last time. Turnover slipped to £250m (£254.8m).

Construction recorded an operating loss of £300,000 (£4.2m profit) although turnover fell only slightly to £164.4m (£175.9m). There were redundancy costs of £500,000.

Housebuilding improved to an operating profit of £1.4m (nil) and 469 units (393) were sold. But average prices fell 5 per cent to £83,000. The company has 3,500 plots with planning consent, with an average purchase cost of £22,000, and margins are improving as more expensive sites acquired in the late 1980s are developed.



Trevor Humphries

Graeme Odgers: cutting the dividend again

McAlpine is buying the 40 per cent minority stake it does not already own in the housebuilding division from the founding Grove family. The group will pay a mixture of cash, shares and loan notes for the stake, which is valued at about £18m at yesterday's closing price. There is also an earnout consideration based on average profits in the three-and-a-half years to October 1995.

Minerals made operating profits of £800,000 (£1.6m) while the US division reported unchanged profits of £500,000.

Earnings fell to 0.2p (2.8p). The interim dividend is cut to 3p (4.5p). There was a retained loss of £1.29m (£380,000).

● COMMENT

Shareholders who applauded the 1990 appointment of Mr Graeme Odgers to energise McAlpine may be having second thoughts. Yesterday's was the second dividend cut he has implemented. Assuming the final payment is similarly scaled back, this year's total of 6.5p compares with 16.1p before his appointment. Meanwhile, those who subscribed for rights last year at 225p have already lost more than half their money. Undoubtedly, recession takes much of the blame. But it is difficult to see any short-term release from the pain. With construction looking grim until 1994 at least, housing is crucial to McAlpine's recovery prospects. There is scope for more margin improvements as costly land is replaced, and the company's plans to increase volumes 10 per cent each year may be successful. But what McAlpine and many others really need is rising new house prices, and that has already been ruled out until 1993. Profit forecasts for this year have been scaled back to £6m, putting the shares on an unappealing 14 times.

Wellcome share issue expanded

By Maggie Urry

ROBERT FLEMING, the merchant bank which organised the global sale of shares in Wellcome, the drugs group, on behalf of the Wellcome Trust, last night decided to exercise part of its "green shoe" option, effectively increasing the size of the issue.

An extra 18m shares are expected to be sold by the Trust, a medical charity, taking the total sold to 288m. The extra shares, being sold at the 800p issue price, will raise another £144m for the Trust before expenses. The extra shares sold will cut the Trust's remaining stake in the company to 40 per cent. Before the sale in July it held 73.5 per cent.

At the same time Fleming is stopping stabilisation of the Wellcome share price. In the sale, Fleming over-alloted 40.5m shares, 15 per cent of the shares sold. It could then buy shares up to this level, in order to create a stable share price in the after-market, without reducing the sale size.

Fleming could then use the "green shoe" option of buying extra shares from the Trust to satisfy any remaining over-allotment.

For some time after the sale was concluded in late July Fleming supported the price at 800p. But falls in the stock market put pressure on the share price, and on August 10 and 11 Fleming was forced to buy back substantial amounts of shares.

On August 12 it cut its stabilisation bid to 780p and to 777p on August 13. However, other buyers then appeared for Wellcome shares, and since then the share price has risen without Fleming buying shares in its capacity as stabilisation manager.

Yesterday the Wellcome share price rose 10p to 802p.

Prolific likely to part with its troubled Danish parent

By Norma Cohen, Investments Correspondent

PROLIFIC INSURANCE, the UK life insurance and unit trust company, has had an uneasy home since it was acquired in 1988 by Hafnia, the troubled Danish insurer.

Hafnia paid £90m – widely felt at the time to be overspending – for what had been part of Provincial and Prolific, a company for which the economist John Maynard Keynes had worked as a fund manager.

The price, however, at 50 times historic earnings, was in retrospect too much for a company which has seen its funds under management shrink since then.

It is currently managing about £900m, about £350m of which are the assets of its largely unit-linked policy holders.

The bulk of its other funds are stand-alone unit trusts sold under the aegis of its Prolific Unit Trust and Prolific International companies.

Hafnia is believed to be in talks to find a buyer for its stand-alone insurance company but that it was unlikely to achieve a price along the lines it paid three years ago.

Yesterday Prolific went to pains to point out that it was structurally insulated from the difficulties facing its parent. "Prolific's operations are structured so that the investments are all held by trustees or custodians and the assets are therefore totally protected," it said in a statement.

"Prolific's regulators in the UK, Imro, have been kept informed of the Danish developments and are happy with the position as it relates to the UK companies."

According to returns filed with the Department of Trade and Industry for the year ended December 31 1991, Prolific had a regulatory solvency margin of roughly 8 per cent, twice the minimum set by the DTI.

With a required minimum margin of £6.6m, Prolific had assets valued at £13.3m.

Analysts said that Hafnia would not have been able to gain access to Prolific's excess capital without conducting a time-consuming revaluation and that it was unlikely to have done so since the returns were filed.

The returns also show that inter-company loans made by Prolific were actually reduced in 1991, from £1.2m to £500,000. The DTI returns do not specify whether the loans were to Hafnia or to any other entity.

Hafnia said that the unit trusts had never held the shares of Hafnia or of any of its main shareholders.

Ironically, analysts point out, a Hafnia fire sale of the company may well improve Prolific's fortunes.

Although it ranks at best 40th among UK insurers in size, it still has an attractive franchise.

Its unit trusts are sold largely through independent financial advisers and are offered through some of the largest chains. Without its troubled parent Prolific's prospects might well improve.

"Its been very frustrating for us because the investment performance has been very good but the headlines have been dominated by the troubles of our Danish parent," said one Prolific fund manager.

According to the latest figures from Micropal, the unit trust performance measurement service, 10 out of Prolific's 13 unit trusts rank in the top half of the performance league and seven of these rank in the top 25 per cent.

Expamet rises 22% to £2.45m

By Peter Pearse

SHARES IN Expamet International rose 48 per cent yesterday from a nadir of 29p to 43p on news of a 22 per cent rise in pre-tax profits from £2.01m to £2.45m in the first half of 1992 and a halving of the interim dividend to 2.09p.

As recently as June 12 the shares had stood at 152p.

They had tumbled as inflated profits – overstated by £1m disguising a fall into losses – were discovered in early April in Brema-Air, the Dutch ducting subsidiary described by Mr John Roberts, group chairman since July 22, as "a contracting company with no chiefs".

"With a weak balance sheet, we couldn't manage it out," he said, and so, in June, Brema-Air was sold.

The extraordinary charge was £9.2m, of which £8.6m related to the Dutch sale. A £4.8m write-off for goodwill in the profit and loss account resulted in a £3.8m, or 20 per cent, fall in shareholders' funds to £15.2m.

With borrowings at £23m, gearing therefore rose from 45 to 150 per cent. Mr Roberts said the dividend cut was "to conserve cash". His target is to reduce borrowings to £12m by the year-end and gearing to below 40 per cent as soon as possible.

Turnover of the security components, hydraulic engineering and metal building products group, was down at £70.9m (£76.2m). Operating profits dipped to £4.16m (£4.77m). However, a 36 per cent reduction in interest charges to £1.44m (£2.25m) and lower exceptional charges for redundancies of £270,000 (£510,000) produced the pre-tax surplus.

Earnings, now covering the dividend, grew to 2.8p (2.75p).

● COMMENT

The share price rise suggests the pessimists behind its recent freefall have been sent packing by these better-than-expected results. However, to reduce the borrowings to Mr Roberts' target of £12m involves retaining profits and reducing working capital to knock £2m-£3m off the current £23m and making some non-core disposals to knock off the rest. Would he have set the target without being pretty sure about the disposals? One supposes so. Getting gearing down below 40 per cent in 1993 depends more on general economic factors – a small rise in volumes can quickly boost profits. For now, the group looks healthy enough – a new chairman, the Dutch problems swiftly dealt with, sound businesses with new products likely to have an impact soon. Forecast pre-tax profits of £5.5m or so give earnings of 6.3p per share and an undemanding prospective p/e of 6.8. The shares look cheap and if the borrowings hurdle – and the credibility that goes with it – is jumped, then very cheap.

Independent News up 35% to I£7m

By Tim Coone in Dublin

Independent Newspapers, the Irish publishing group headed by Mr Tony O'Reilly, announced a 35 per cent increase in pre-tax profits from I£5.2m to I£7m (£6.6m) for the half year to June 30.

Turnover rose by 4 per cent to I£77.4m (I£74.5m).

Mr O'Reilly said the result reflected improved margins in the Irish publishing operations which had come from circulation increases, advertising market share improvements, and introduction of new technology.

He said the group had also recently acquired a 2 per cent stake in the Mirror Group.

Earnings per share rose by 29 per cent to 16.2p (12.6p) and an interim dividend of 5.5p (5p) is declared.

Ferromet accounts qualified

By Peter Pearse

THE 1991 accounts of Ferromet Group, the USM-quoted metals trader, have been heavily qualified by Touche Ross, the group's auditor.

The company's shares have been languishing at ½p since July 17.

In its report TR said: "We are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the affairs of the company and the group at December 31 1991 ... and whether the financial statements have been properly prepared in accordance with the Companies Act 1985."

The qualification hinged on uncertainty over Ferromet Resources Inc, the group's principal operating subsidiary in the US which was placed into Chapter 11 bankruptcy proceedings on March 17.

This followed Ferromet Resources Inc's sale at the end of 1991 of Ferromet Resources (UK) and Ferromet Alloys, its two UK subsidiaries, to Ferromet Group, a transaction which, in view of the Chapter 11 proceedings, may be reversed. TR stated that it could "express no opinion as to whether the going concern basis [of the group] is appropriate in these circumstances". Following the problems at Ferromet Resources Inc, the group's profit and loss account for 1991 showed retained losses of £12.2m (profit £642,000) and its consolidated balance sheet showed negative shareholders' funds of £6.39m, a turnround of £12.8m.

However, Mr David Hillel, finance director, pointed to the pro forma consolidated balance sheet in the accounts for the "comparatively clean" rump of the group – Portsmouth Metals, the Bermuda-based metals trader, and Clogau (Nevada), a gold mine. Net assets here were £1.8m.

Mr Roger Wain, who moved up from non-executive to executive chairman on August 10, said he was still seeking a partner to invest cash and/or businesses into the rump. Portsmouth had been profitable in the first half of 1992, and he was looking for a joint venture partner for Clogau.

To sever ties between this rump and the Chapter 11 companies, provisions of £4.68m were taken. Mr Wain said that creditors' claims on the Chapter 11 companies could not be demanded of the parent group.

Mr Larry Whyte, the chief executive, who brought Ferromet Resources Inc into the group and attempted a management buy-out in March 1991, is now to leave the group. He and the board have agreed that the group's claims on him and his on the group will be dropped, subject to shareholders' approval.

WMI to buy 90.1% stake in Swedish group

By Roland Rudd

Waste Management International, the UK-quoted group, is to buy a majority stake in Sweden's state-owned hazardous waste company for SKr340m (£34m).

The UK-based provider of waste and environmental services is acquiring 90.1 per cent of Svensk Avfallskonvertering (Sakab), which treats about 33,000 tons of hazardous waste per year.

Mr Joe Holsten, WMI's vice-president of acquisitions, said: "This is part of our strategy of increasing our ability of collecting and delivering hazardous waste. We are looking at further European acquisitions."

Waste Management International is part of Waste Management. The Chicago-based parent group sold 20 per cent of the UK company in a £405m global share offering in April.

It said it would use the proceeds to exploit opportunities arising from tightening environmental regulations.

In 1991 Sakab reported pre-tax profits of £2.35m on sales of £14.1m. It also has undeveloped permits for solvent distillation, solvent separation and pre-treatment of waste oils.

Vivat 26% higher at £1.18m

By Peggy Hollinger

VIVAT HOLDINGS, the Lee Cooper jeans and casual wear manufacturer which has bounced in and out of the red in the last three years, yesterday reported pre-tax profits of £1.18m for the six months to June 30.

That compared with a profit of £934,000 for the comparable period 12 months earlier and with a £678,000 loss for the full 1991 year.

The 26 per cent profits improvement was struck on turnover down 29 per cent to £35.6m. However, discontinued operations accounted for £7.4m of the sales decline.

Mr Christopher Burnett, chairman, said he expected the group to report a positive result in the second half.

"I sincerely hope my shareholders do not have any other nasty shocks," he said.

Nonetheless, he remained cautious and the interim dividend is again passed. However, he "very much hoped" that the company would be able to recommend a final – the company's last payment was a 0.5p final for the 1990 year.

Mr Burnett said the advance in interim profits had been achieved by withdrawing from the loss-making operation in Germany and lower interest charges.

He added that the group had reduced overheads by some £1.2m this year, helping margins to rise by 2 to 3 points.

On-going businesses had actually suffered from the extent of recession, particularly in France, Vivat's largest market.

Mr Burnett said the French clothing market alone had declined by 13 per cent in June compared to the previous year.

Sales in continuing operations declined by 17 per cent, while similar operating profits fell from £3.2m to £2.4m. The discontinued operations incurred losses of £752,000 in the first half of 1991.

Profits were buoyed by a £275,000 reduction in interest charges to £1.2m. Gearing, which had been 73 per cent at the December year-end, fell to 63 per cent.

No provisions were expected to be made in the current year. However, Vivat was still seeking to resolve the guarantees surrounding properties sold in 1988 to Chelsea Man, which has since gone into receivership. Mr Burnett said the group's £4m provision last year was expected to cover any costs arising from properties.

Earnings per share rose from 1.4p to 1.6p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Clarke (T) ....int	1.26	Oct 5	1.26	-	6.552
Dawsongroup ....int	0.75	Nov 6	-	-	1.5
Expamet Intl ....int	2.09	Nov 20	4.18	-	10.38
Independent News ...int	5.5♣	Sept 17	5	-	14
Kode Intl ....int	1.5	Sept 24	1	-	4
Lec ....int	4	Oct 10	4	-	14.5
McAlpine (A) ....int	3	Oct 16	4.5	-	10.3
Rentokil ....int	0.64	Nov 9	0.532	-	1.692
Shorco § ....int	2.4	Oct 2	2.4	-	5.2
Spear (JW) ....int	2.5	Oct 5	2	-	10
Willis Corroon ....int	3.3	Oct 1	-	-	13.2
Wyevale § ....int	2.48†	Oct 2	2.48	-	3.72

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish pence.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Fulcrum Inv Trust, Hibernian, London Finance & Investment

Finals- Levercrest, New Zealand Inv Trust, Northamber

FUTURE DATES

Interims-

Amec	Sep 10
BTR	Sep 10
Brammer	Sep 7
Bridon	Aug. 25
Church	Aug. 27
Edinburgh Fund Managers	Sep. 21
Evered Bardon	Sep. 11
Guinness	Sep. 17
Hall Engineering	Sep. 10
Herring Baker Harris	Sep. 8
IMI	Sep. 8
Ibstock Johnsen	Oct. 8
Inchcape	Sep. 1
Isotron	Sep. 8
Irish Continental	Aug. 26
Jones (A)	Aug. 27
Scholl	Sep. 7
Severfield-Reeve	Sep. 10
Unidare	Sep. 21
WSP	Sep. 7
Weir	Aug. 27

Finals-

Aerospace Engineering	Aug. 24

Gestetner Holdings PLC

On 17th June 1992, the Directors announced the consolidated results for the 6 months ended 30th April 1992 and declared an interim dividend of 1.8p per share to holders of Ordinary shares registered at the close of business on 31st July 1992. This dividend will be paid on 28th August 1992.

Holders of Ordinary Capital shares are reminded that they have an entitlement to a cash dividend of 0.075p per Ordinary Capital share which will be paid on 28th August 1992. They are further entitled to scrip in lieu of the interim dividend for the year ending 31st October 1992. Such entitlement, based upon each Ordinary Capital share registered at close of business on 31st July 1992, is as follows:

based on the average price of	133.7058824p
for each Ordinary Capital share held, holders will receive	0.01720194 of an Ordinary Capital share

Fractions of new shares will be sold for the benefit of the Company.

Scrip, to be allotted on 24th August 1992, will be despatched to registered shareholders on 28th August 1992.

Holders of Ordinary Capital shares in bearer form should lodge Coupon 134 with allotment instructions at Barclays Bank PLC, Stock Exchange Services Department, 168 Fenchurch Street, London, EC3P 3HP on or after 28th August 1992 for their entitlement to the nominal cash dividend and to Ordinary Capital shares in registered form in accordance with the above.

66 Chiltern Street
London W1M 2AP
21st August 1992

S.E. Snow
Secretary

ELYSEES COURT TERME,
Société d'Investissement à Capital Variable
Siège social : L-2132 Luxembourg
5 Avenue Marie-Thérèse
R.C. Luxembourg B25.863

Messieurs les actionnaires sont convoqués par le présent avis à
l'ASSEMBLEE GENERALE STATUTAIRE
de notre Société qui aura lieu le 1er Septembre 1992 à 11.00 heures au siège social avec l'ordre du jour suivant:

1. Examen du rapport de gestion du Conseil d'Administration, du rapport du Réviseur d'Entreprises agréé, des comptes annuels et de l'affectation des résultats.
2. Décharge aux Administrateurs pour l'exercice de leur mandat.
3. Renouvellement du mandat du Réviseur d'Entreprises agréé pour une année.
4. Nomination des Administrateurs pour un nouveau terme statutaire de trois ans.
5. Questions diverses.

Les actionnaires sont avertis qu'il n'y a pas de quorum pour délibérer valablement et que les résolutions sont prises à la simple majorité des actions présentes ou représentées.

Les détenteurs d'actions au porteur sont priés de déposer leurs titres cinq jours avant l'Assemblée auprès de:

CCF LUXEMBOURG S.A. 8, Avenue Marie-Thérèse L-2132 Luxembourg

Le Conseil d'Administration

Market Myths and Duff Forecasts for 1992
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Friendly HOTELS PLC
1991 RESULTS

RESULTS IN BRIEF	1991
	£'000
TURNOVER	28,734
PROFIT BEFORE TAX	3,893
EARNINGS PER SHARE	16.3p
DIVIDENDS	5.5p

- Dividends increased by 10%.
- The Group now operates 22 hotels with a further two under development as well as 17 serviced offices.
- Gearing remains at a low level so that investment to develop and enlarge our businesses can continue.
- Improved trading has been experienced in recent weeks and the Group is strategically placed to take immediate advantage of any economic upturn.

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Reporting to the Managing Director, this is a highly commercial role, offering involvement in all aspects of the business. This will include working closely with operations and sales management to evaluate and recommend ways of developing new customers, pricing decisions, risk analysis and strategic planning. Overseeing the Finance and EDP functions, you will also be responsible for the European consolidation and monthly financial reporting to the US Corporate Headquarters.

Applicants, aged 30-38, should be qualified Accountants with exposure to US GAAP, first class interpersonal and management skills and above all a commercial approach. European or overseas experience or a knowledge of distribution would also be useful.

Interested candidates should contact us on 071 721 7283, or during the evenings and weekends on 071 231 8272. Alternatively send or fax your CV (quoting ref. 326) to:

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ACCOUNTANCY COLUMN

Firms take a bullish view of the future

Andrew Jack considers a survey that shows the profession is still optimistic about its prospects

AN INTRIGUING survey doing the rounds of the firms at the moment brings bad news for those who believe there are too many accountants in the world, but mixed blessings for those involved in professional practices.

A survey by Lafferty Business Research of the opinions of 66 senior partners in 39 countries and regions is inevitably subjective, but it does provide some useful insights into the machinations of those at the helm of some leading firms.

The main impression (as the chart shows) is one of optimism for the future. Asked to project growth over the next five years, most of the partners expected their firms to grow well above the increase in gross domestic product.

Mr Jim Butler, senior partner of KPMG Peat Marwick in the UK and chairman of its worldwide network, said he expected double-digit growth in each year over the decade.

Mr Brandon Gough, his opposite number at Coopers & Lybrand, was more circumspect. "The 1980s saw a particular, perhaps even unique, configuration of events which created rapid growth. We may not see its like again."

Overseas, there is a clear transatlantic division. Partners in North America have been humbled by the severity of the recession. Mr Robert Nason, head of Grant Thornton in the US, says growth will parallel the economic recovery, the degree of which is still unknown.

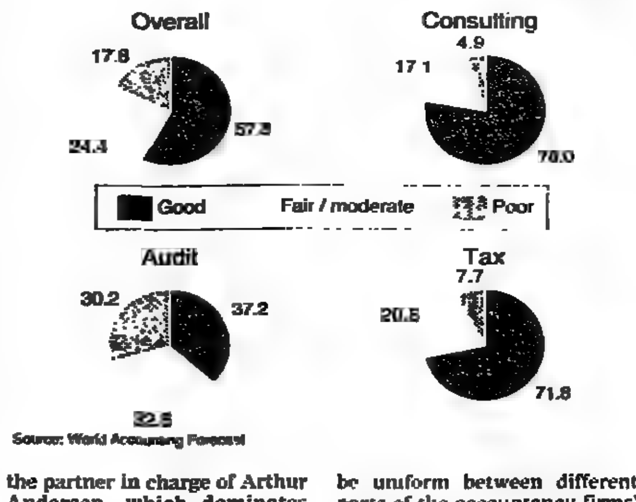
But the worst position appears to be in Scandinavia. The Norwegians in particular are gloomy. Mr Paul Bellamy, head of Grant Thornton in that country, highlights the financial difficulties for firms as a result of the economic crisis in the country, with rising bankruptcies and the dire position of the banking industry. He also stresses the competitive fee pressures from clients, combined with a relaxation in accountants' ethical rules on tendering for contracts.

Elsewhere in Europe, partners are more optimistic. Mr Hans-Heinrich Otte, senior partner at BDO Deutsche Warenstreuhand Aktiengesellschaft, says there has been a boom in fee volumes in Germany, driven by the opening up of the former eastern Germany. Requirements for auditing from the end of last year in the new Länder is generating substantial new income.

Growth in Eastern Europe is equally strong, although several partners suggest that future expansion may be held in check by the lack of local professionals.

There is similar optimism in Portugal. Mr David Sargison, the partner in charge of Arthur Andersen, which dominates the country, stresses it remains a small, underdeveloped market.

Accountants' forecast of growth 1992/97



Source: World Accounting Forecast

More companies are coming under the requirement for a legal audit each year, while he believes that other business for the firms will be driven by issues including privatisations, regulation, the adoption of new EC laws, foreign investment, the internationalisation of existing companies, the growth in complexity of the tax system, and expanding demands for information.

In general, growth will not be uniform between different parts of the accountancy firms' practices, however. As competition intensifies and demand for new services stabilises, the importance of audit is on the wane almost everywhere.

Arthur Andersen even believes it is declining in less mature markets such as Spain, although in Brazil, Mr Ernesto Rubens Gelbcko of Directa BDO sees expansion driven by that country's economic growth, new requirements for auditing, and privatisation work.

On the other hand, tax and consulting advice are projected to grow. In the US, partners highlighted demand for additional tax advice in response to fiscal measures taken by the federal government, as well as the financial crises in state and local government.

But consulting is widely seen as having the strongest potential for future growth. Partners stress areas such as information technology, electronic data processing, productivity enhancement and environmental services.

If there is one concern which dominates partners' minds more than any other, it is litigation. Legal actions and awards continue to rise, according to the survey, driven by both the theory that accountancy firms have "deep pockets", and by the apparent belief in the role of auditors to detect fraud.

Several partners voiced concern about the combination of corporate collapses triggered by the recession, combined with fee competition which might risk compromise on quality of service. Concerns are particularly high in the US and other parts of the developed Anglo-Saxon world.

Even in Korea, Mr David Telepak of Young Wha Accounting Corporation worries about the risks. He points out that the country has no indemnity insurance cover available to professional service firms. Yet he expects potential lawsuits to rise in tandem with the number of bankruptcies, the growing sophistication of shareholders and the liberalisation of the financial markets.

Litigation is one factor which is likely to drive incorporation. Mr Anthuan Xavier of Simpson Xavier Horwath International in Ireland says he will not be surprised if there are at least two accountancy firms on the Dublin stock exchange by the end of the decade. But KPMG's Mr Jim Butler in London insists by contrast that partnership is right at least for his firm and that it acts in the best interests of the public.

Several partners still believe there is scope for a mega-merger between two of the "big six" firms, notably Arthur Andersen and Price Waterhouse. A larger number believes some middle-tier firms will unite among themselves, but that smaller firms which are not affiliated to international networks will disappear over the next few years.

"Times are going to be much tougher than the firms realise," says Mr Michael Lafferty, who co-ordinated the analysis.

World Accounting Forecast – 1992. Lafferty Business Research. The Tower, IDA Centre, Pearse St, Dublin 2, Ireland. £295

ACCOUNTANCY APPOINTMENTS

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On behalf of a major European Insurance Group, we are looking for a recently qualified ACA to join a small Management team.

Reporting to the Director of Finance and Administration and with a small staff, you will be responsible for all financial and management accounts, budgets, plans, short-term treasury, tax, defining new financial systems and liaison with investment managers.

You will probably be aged around 30, and exposure to the insurance market, either inside or outside the Profession, would be an advantage.

You must also be outgoing, willing to take initiatives and responsibility, and able to see the combined merits of a career with a leading Financial Institution, avoiding the London rat-race (full removal costs will be reimbursed if appropriate).

Please apply in strict confidence to:
Peter Wilson FCA, Management Appointments Limited, Finland House, 56 Haymarket, London SW1Y 4RN. Tel: 071-930 6314. Fax: 071-930 9539.

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Excellent opportunity for first-class finance professional to make a substantial impact on the operating performance of a £250 million turnover principal subsidiary of a publicly quoted group. Integral member of an executive team focused on maximising profitability in a competitive fast moving service environment.

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Total responsibility for finance function through high calibre direct reports. Lead, direct and motivate a team of 85 people. • Support decision-making across all business areas, identifying key pressure points and areas for profit improvement. • Contribute to the enhancement of sophisticated computerised accounting and system developments. • Liaise with external advisors including banks and auditors. Interface with group.

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Intellectual and commercial ability to command respect at the highest levels coupled with stature and strength of personality to manage and motivate a large department. • Graduate, qualified Accountant. Aged mid-30s. Potential to progress beyond this role. • First class business acumen, team player, with the necessary assertiveness, willingness and capability to originate and implement change. • Previous track record of achievement in a fast moving, multi-site, service/retail environment utilising sophisticated management information systems.

Please reply in writing to Townsend House 30 Monkgate York YO3 7PF enclosing a full curriculum vitae and quoting Reference RBH 1021. Tel: 0904 670648 Fax: 0904 611079

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You will be a chartered accountant, mid-thirties to late forties and either already the financial director of a retail group or heading the function in an operating subsidiary or division with turnover of £100m or more. Financial management ability at the strategic and operating levels coupled with strong IT systems specification and implementation skills will be looked for. Preference will be given to those with Jersey residential qualifications.

A full benefits package, including share options, car, pension, private medical and life assurance will be provided.

Please send full personal and career details, including current remuneration, in confidence to Humphrey Sturt, Coopers & Lybrand Executive Resourcing Ltd., 76 Shoe Lane, London EC4A 3JB, and quoting reference HS930 on both envelope and letter.

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They now require a Financial Controller to take responsibility for the day-to-day accounting, reporting and compliance under the Financial Services Act.

Reporting to the Managing Director, the position requires a "hands-on" individual with good communication skills and the ability to work to, and meet, tight deadlines.

The successful candidate will probably be a recently qualified accountant who is computer literate. Experience of the following packages would be an advantage: SunAccount, Lotus 1-2-3 and Wordperfect. A working knowledge of VAT and company secretarial matters is required.

Experience of derivative accounting and SFA compliance and reporting is desirable.

A lively and jovial personality is essential to fit into the team spirit of the Company.

Interested candidates should write enclosing a full C.V., and quoting reference SGC1, to:

Michael Hill ACA, Baker Tilly, 2 Bloomsbury Street, London WC1B 3ST.

CONSULTING
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FINANCIAL CONTROLLER

West London

to £40,000

Car, Benefits

Our client, with a turnover of £200m, is an important part of the most broadly based fresh food manufacturer in the UK. Significant restructuring has created the need for a commercially aware Financial Controller to report to, and work closely with, the Managing Director.

THE ROLE

- Complete responsibility for financial and management accounts, budgetary control, cash management and capital investment appraisal.
- Spearhead the implementation and development of integrated financial, management and manufacturing reporting systems.
- Provide strong leadership to the finance function by motivating, developing and delegating to a department of 30 staff.
- Development of financial and internal control procedures, establish structure and content of local management information.

THE CANDIDATE

- Graduate calibre, qualified Accountant, aged 30-35.
- A minimum of 5 years' post qualification experience of financial management in a large fast-moving environment.
- Presence and maturity to operate effectively at senior level.
- A 'lead from the front' management philosophy.
- Computer literate with ability to translate action into results.

Interested applicants should reply, in writing, to Hitchenor Maher at First Floor, 27 York Place, Leeds LS1 2EY. Tel: (0532) 470170.

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The City

Our client is a major financial institution with an enviable reputation. It is regarded as one of the market leaders in its specialist fields of operation. In order to enhance the quality of management information the company seeks to recruit an accounting systems professional, to support this function.

THE POSITION

- Assist in the development of financial information systems, in particular extending the reporting of detailed product profitability.
- Implement new modules and other alterations to the recently installed accounting system.
- Provide day to day support to the users of the new system and assist with enhancements where required.
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THE REQUIREMENTS

- Aged 26-32, the successful candidate will be a graduate qualified accountant, with at least 2 years post qualification experience of developing and implementing accounting systems.
- Experience of working in a networked PC environment within the service sector is essential, while familiarity with Unix based systems would be an advantage.
- Applicants must be self starters with the ability to carry projects through to successful completion.

Interested candidates should write, enclosing a full C.V. and daytime telephone number quoting ref. 208, to PRP, 9th Floor, Ellerman House, 12-20 Camomile St., London EC3A 7PJ.

Philip Rice
PARTNERSHIP

Hastings and Rother NHS Trust

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CIRCA £30K + PRP. PAY AWARD PENDING

We became an NHS Trust in April 1992, opened our new general hospital in July, and face an exciting future.

Our present Deputy Finance Director has just been promoted to a Director post elsewhere. We are therefore seeking a successor to help us progress many new business objectives, including Phase II of our general hospital. Our revenue budget is £60m; asset values £100m.

In this role you will have responsibility for management and contracts accounts and budget liaison, with plenty of involvement in the general running of the Trust. There will be a wide range of opportunities for you to be forward looking and develop to your full potential.

You will need to be a qualified accountant with some management experience in a large complex organisation.

Benefits include lease car scheme and generous relocation package. To find out more, contact David Townsley, Finance Director, or Paul Brown, the post holder, on 0424 754488 ext 251 or 239 respectively. Information package available from Rita Butchers, ext 271, or write to her at:

Hastings and Rother NHS Trust, Finance Directorate, St Anne's House, 729 The Ridge, St Leonards-on-Sea, East Sussex TN37 7PT.
Closing date: 7th September 1992.

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Continuing growth has created this vital new position reporting to the Finance Director. It will be a 'hands on' role controlling management and statutory accounting with emphasis on cash management and further improving the quality of computerised management information.

Applicants should be graduate qualified accountants, preferably Chartered aged 28/40, with proven commercial experience, strong managerial, communication and PC skills and the initiative and drive to make an immediate impact as a key member of the young management team.

Future plans should ensure that there is ample scope for the ambitious.

Please write, enclosing a full career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D/45/F.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 071-405 3499

In The Name of ALLAH, Most Gracious, Most Merciful

An Invitation to Participate in The Development of Accounting Thought and Financial Accounting Standards for Islamic Banks and Financial Institutions

Financial Accounting Organization for Islamic Banks and Financial Institutions is an independent nonprofit organization registered in the State of Bahrain in 1411H corresponding to 1991.

The Organization aims to develop the accounting thought in the field of Islamic banking and financial institutions and to prepare, promulgate and adjust accounting standards for these banks and institutions. It endeavours to achieve these objectives through the **Financial Accounting Standards Board for Islamic Banks and Financial Institutions**

The Board invites experts in the fields related to the above objectives of the Organization to kindly send their curriculum vitae, indicating their qualifications, experiences, publications and research, and addresses, to the following address:

P.O. Box 1176 Manama, State of Bahrain
Telephone 244496. Fax 250194. Telex 7585 FASOIB

The Board will consider inviting interested parties to participate in the Organization's field of activity.

FINANCIAL TIMES/LES ECHOS

T E L E C O M M U N I C A T I O N S

PARTICIPATING IN THE START OF A JOINT VENTURE AT KALININGRAD: A CHALLENGE FOR A FINANCE & ADMIN DIRECTOR

This telecommunications sector company, which is a subsidiary of a large French group, is developing a dynamic strategy for the internationalisation of its activities. With its Russian partner, it has created a joint venture based at Kaliningrad in the Baltic States.

Following a degree course you will have developed your experience within public or telecommunications companies. Now, around 35-40, you are a top professional with wide experience of the techniques of organisation, book-keeping supervision, budget development, cost control and liquidity optimisation.

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The salary and related benefits fully reflect the responsibilities involved.

Please send your application to SAGE SA, 11, rue du Temple, 1530 Payerne, Switzerland - Fax 41 37 61 43 94.

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Maintaining this pre-eminent position calls for highly effective management of all its financial operations. Active in strategic change, the MDU now seeks to recruit its general manager of finance, responsible for reporting on all financial matters, and taking an active role in the strategy and management of the MDU. Reporting directly to the chief executive, this person will manage the finance and the business planning departments. Responsibilities will include budget monitoring and management accounting, as well as implementing initiatives arising from a far reaching review of the finance function, centred in Manchester, and establishing and continuously improving new financial systems and procedures.

He or she will be based at the MDU's London HQ.

Candidates must be graduates, with a suitable accountancy qualification, and they will probably be aged 35-45. Experience as a hands-on, line manager of a service industry accountancy function is essential, preferably within the insurance field. Excellent project management skills and the ability to deal within the international finance arena are also crucial. In this environment of change, flexibility, creative problem-solving, communication skills and a flair for team leadership are central. Above all, candidates must recognise the need to deliver a quality-driven service to users.

This is a challenging and strategically important role. The achievements of successful candidates will be highly visible and career progress – to a position on the board of management – is a very real prospect.

Please send a detailed curriculum vitae, quoting reference number FT1, to Angela Francis at:
The Medical Defence Union, 3 Devonshire Place, London W1N 2EA, by Friday 4th September 1992.

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A qualified accountant, you will have a broad financial management background. This must be backed by sound business awareness and commercial acumen. Systems development skills are essential, as is the ability to build and develop your own team. The role demands someone who is at the same time a planner and strategist as well as a hands-on, sharp end leader.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to Elaine Broughton, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference D428.

Coopers & Lybrand Executive Resourcing

Outstanding Commercial Opportunity with a Listed PLC

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SW London *to £70,000+Car+Bens*

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As a key member of the executive board, the Group Finance Director will work closely with both the Chairman and Managing Director, and be expected to play a major role in driving forward business performance together with improving overall operating efficiency. Responsibilities, in addition to ensuring tight financial management planning and control, will particularly include initiating and developing business and strategic plans, improving the MIS, and dealing with the city and professional advisors.

Candidates must be Chartered Accountants with a strong commercial awareness and excellent technical and systems skills. You will already have gained substantial experience as a Finance Director and will be used to adopting a 'hands on' management approach.

Interested individuals should write enclosing a full CV to:
David Rush, Director,
Management Selection Consultants Ltd,
1 Prince of Wales Passage,
117 Hampstead Road, London NW1 3EE.
Tel: 071-383 3553.

MSC

Management Selection Consultants

DIRECTOR FINANCIERO

Una compañia multinacional dedicada al procesamiento de productos agricola necessita un director financiero para su empresa en la zona de Castilla-León, España.

La Compañia

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La empresa en España, con factoria de processo, produccion propia agricola, hasta 400 empleados en cosecha.

Se Requiere

Titulacion en Contabilidad, Empresariales o similar con conocimiento completo de las practicas contables españolas asi como de las norteamericanas (U.S. GAAP).
Experiencia de 5 a 10 años como director financiero responsable de reporting, informacion exacta para el consejo, presupuestos, control de gastos, lineas de credito, interpretacion y analysis.
Experiencia establecida como directivo y commerciante.
Buen nivel de ingles (hablado y escrito).

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Retribucion economica atractiva y negociable en funcion de las caracteristicas del candidato.
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Your experience can combine with the growth and expansion of a leading computer products company's European operation based in southern Germany. Requirements include minimum ten years experience in international finance and accounting with thorough knowledge of both German and American controls, accounting procedures, reporting, tax and legal requirements. Other requirements include German language and cultural fluency, PC accounting systems experience, excellent leadership skills and a strategic business focus.

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CIMA RESULTS

On Thursday 3rd of September the Financial Times will be the only newspaper to publish the CIMA Stage 4 exam results.

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Andersen House, 1 Harbour Master Place,
Dublin 1, Ireland.

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GANDON IS AN EQUAL OPPORTUNITIES EMPLOYER
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Please forward a full curriculum vitae with salary details, quoting reference number 412 to Terry Fuller.

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- Secretarial and administrative staff, preferably with fluency in more than one language.

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ACCOUNT OFFICER – PROPERTY

A prestigious City based Merchant Bank has an excellent opportunity for an additional Account Officer in its busy and expanding Property Finance Department.

Applicants should already possess at least 4/5 years experience of Investment Property lending and credit analysis, and be capable of direct responsibility for a diversified portfolio of customers; the appropriate verbal and written skills will thus be a pre-requisite.

Candidates should ideally possess formal credit training and be PC literate.

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The position requires a numerate and articulate individual who enjoys working with and becoming an essential part of a small dedicated team. A knowledge of Spanish/Portuguese would be considered a bonus.

Interested applicants should forward a comprehensive curriculum vitae to:-
Anthony Evans
Latin American Securities Limited
Exchange House
Primrose Street
London EC2A 2NY

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Closing date for applications: Wednesday 16th September 1992

Investment Banking, Europe
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An opportunity has arisen with the Investment Banking operations of a major Canadian bank.

The position requires an aggressive individual to join the department's Treasury Services desk.

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Scotiabank

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FR *Financial Recruitment*

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Candidates must

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- have a thorough knowledge of one official Community language and a satisfactory knowledge of a second;
- be born after 30.09.41;
- have completed a course of university education and obtained a degree or diploma;
- have at least 15 years' post-graduate experience including at least 8 of technical and organizational work in the field of air traffic control; a thorough knowledge of the problems involved in air traffic control and air transport safety and a knowledge of the technical problems of civil aviation; an adequate knowledge of the industrial aspects of air safety and air traffic control; proven experience of management and of running a team as well as sound experience of international negotiations.

The Commission is an equal opportunities employer and particularly welcomes applications from women.

The Notice of Open Competition and obligatory application form contained in the Official Journal No. C 193 A of 31.07.92, may be obtained ONLY by writing on a postcard, mentioning "COMPETITION COM/A/748" to one of the following addresses:
COMMISSION OF THE EUROPEAN COMMUNITIES, Recruitment Unit - SC41 - COM/A/748, rue de la Loi 200, B-1049 Brussels ❑ **BELFAST** Commission of the European Communities, Office in Northern Ireland, Windsor House, 9/15 Bedford Street, BELFAST BT2 7EG ❑ **CARDIFF** Commission of the European Communities, Office in Wales, 4 Cathedral Road, CARDIFF CF1 9SG ❑ **EDINBURGH** Commission of the European Communities, Office in Scotland, 9 Alva Street, EDINBURGH EH2 4PH ❑ **LONDON** Commission of the European Communities, Office in the United Kingdom, 8 Storey's Gate, LONDON SW1 P3 AT

APPLICATIONS SHOULD BE POSTMARKED NO LATER THAN 30.09.92

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Polish copper strike suspended

POLISH COPPER workers yesterday agreed to suspend a month-long strike at the KGHM Polska Miedz combine without obtaining the pay increases they had demanded, reports Reuter from Warsaw.

Mr Jerzy Pietraszek, a company official, estimated that the strike had caused the loss of 25,000 tonnes of electrolytic copper from the planned yearly production of 320,000 tonnes and cost the company $70m.

KGMH is Poland's only copper producer and exports about 70 per cent of its output.

The strikers were offered one-off payments equivalent to between $100 to $130 a head. They had demanded wage rises of up to 30 per cent but Mr Pietraszek said any award would be much lower.

The strike, which started on July 20, prompted six trade unions to call for nation-wide action in support of the KGHM workers. They also demanded an end to Poland's economic reforms. Seven collieries were hit by strike action and railway workers caused the cancellation of about a quarter of all passenger train services in Silesia, southern Poland.

Prime minister Hanna Suchocka said yesterday that the government was not prepared to meet the unions' demands, adding: "The government is going to be firm. It cannot run around the country at every request of the unions".

● China's copper demand in 1992 will rise to a record 810,000 tonnes from 650,000 tonnes last year because of a boom in the construction sector, Nissho Iwai Corporation, a big Japanese trade house estimates.

The country's copper output is likely to be 590,000 tonnes in 1992, up from 570,000 in 1991, Nissho Iwai believes.

"To cover the supply shortage, China will have to buy nearly 210,000 tonnes of copper throughout this year in the spot market and through bilateral deals," a Nissho Iwai official said yesterday. It had contracted to buy 170,000 tonnes of copper as of the end of August, he added.

Broker lifts world sugar output estimate

By David Blackwell

CZARNIKOW, THE London sugar broker, has raised sharply its forecast for world production in the current season.

World output is now put at 115.93m tonnes, 2.81m tonnes above the estimate published in May, and well ahead of projected consumption at 111.79m tonnes. However, consumption is the former Soviet Union is reckoned to be down 1.95m tonnes from last season's level.

The initial estimates for 1992-93 show the sugar market much more closely balanced, with production at 115.59m tonnes and consumption at 114.55m tonnes.

This season Czarnikow estimates that just over 3.5m tonnes will have been added to world stocks, bringing the total addition over the last two seasons to nearly 6m tonnes. However, in 1992-93 it expects stocks to rise by just 440,000 tonnes.

More than 2m tonnes of the 1991-92 production increase is accounted for by just two countries – India and China. "It remains a significant element in the world supply outlook that an important volume of this extra sugar has remained with the producers in these countries, even though some exports have been concluded."

Indian production is estimated at 14.57m tonnes, raw value, for 1991-92. This will lift the country's stocks to 4.75m tonnes by the end of next month. Chinese output is put at 8.6m tonnes – above domestic consumption at 8.25m tonnes.

Czarnikow says the 1992-93 season "is already emerging as one of sharp contrasts". It expects output gains in the subsidised markets of the US, Mexico and the European Community, plus improvements in Thailand and Australia, to offset losses through drought in South Africa and a probable downward reaction in both China and India.

South African smelter decision delayed

By Kenneth Gooding, Mining Correspondent

FINAL APPROVAL for the world's biggest aluminium smelter, a $2bn, 466,000-tonnes-a-year plant proposed for Richards Bay, South Africa, has been delayed for three months.

Shareholders in Alusaf, South Africa's only primary aluminium producer, which hopes to build the smelter in Natal, are taking longer than expected to make up their minds whether to commit themselves to the huge investment.

Also Alusaf has still to win environmental approval for the smelter, which faces strong opposition from some Richards Bay residents.

Mr Theodor Tschopp, chairman of Alusuisse, one of Alusaf's shareholders, said that pressure to get the project started had "cooled down" and that "the whole issue is still open".

Some analysts suggest that Alusaf might opt instead to expand its existing smelter from 170,000 tonnes to about 220,000 tonnes.

However, Mr Rob Barbour, Alusaf's managing director, said yesterday he remained "quietly confident" that the project would be given the go-ahead at the end of this year. Then it would take three years to bring the smelter, to be built using technology supplied by Pechiney of France, into production.

Mr Barbour said he had been too optimistic when he thought that Alusaf's shareholders – which also include Gencor (General Union Mining Corporation) and the Industrial Development Corporation of South Africa – would have made their decisions by this month, particularly in the light of present political turmoil in South Africa and the aluminium market's severe problems.

He said that Alusaf did not wish to finance the smelter with a high proportion of debt, 50 per cent was the absolute maximum, so shareholders would have to put up perhaps $1bn of new equity.

Analysts suggest that Alusuisse, which has reduced already its 22 per cent shareholding in Alusaf to 15 per cent, will not want to put any more money into Alusaf. However, Mr Tschopp said no decision had yet been made and he pointed out that the project might "give us access to the cheapest aluminium".

Mr Barbour said Alusaf was not banking on Alusuisse putting in more money and funding could go ahead without the European group.

The project sprang from Alusaf's ability to win a favourable 25-year electricity supply contract from Eskom, the South African utility, under which the tariff will be linked to the world aluminium price. This is not new in the industry but what probably is unique is that the contract sets no floor or ceiling prices. Eskom may also take a 25 per cent shareholding in the venture.

Mr Fred Roux, managing director of Gencor's minerals division, said the smelter delay was partly because Eskom had still to decide whether to take up its equity option. "It would make funding easier if Eskom comes in," he pointed out. Gencor and IDC both had access to funds for the project, however, and "I am confident we will have the go-ahead by November 1. That's three months later than expected, said Mr Roux.

The environmental issue had also caused some delay. Alusaf's Mr Barbour said it was true that "strong concern" had been expressed that the lowest-cost site near the harbour was too close to a residential area. However, Alusaf was looking at a back-up (but higher-cost site which would satisfy all objections. A draft environmental impact study would be ready in mid-October for final comment by the public, he said.

● Comalco of Australia is to decide before the end of this year whether to expand annual capacity at its Boyne Island aluminium smelter in Queensland from 230,000 to 460,000 tonnes at an estimated cost of A$880m. If it decides to go ahead, a consortium in which Comalco will have between 20 and 25 per cent will buy the nearby Gladstone power station from the Queensland state government for A$750m. Analysts suggest that, if these arrangements are completed, expansion of Comalco's 79 per cent-owned Tiwai Point aluminium smelter in New Zealand will be less likely and questions will be raised about the future of the Bell Bay smelter in Tasmania.

● Cracking anodes have delayed start-up of the Deschambault aluminium smelter in Quebec owned by Amax, the US natural resources group, for about 60 days. Amax insists, however, that all pots at the 215,000 tonnes-a-year smelter will have been started by the end of September and that output will still be about 100,000 tonnes this year.

Call for ban on use of beef hormones in US

By Nancy Dunne in Washington

THE US General Accounting Office has recommended that the government order an end to the sale of food products from animals treated with recombinant bovine growth hormones (rBGH) until it can be determined that they pose no risk to human health.

The GAO – the investigative arm of congress – said the risk to people was not directly from the hormones but stemmed from the growing number of cases of mastitis in cows treated with them.

"Increased incidence of mastitis in cows treated with rBGH could possibly lead to the increased use of antibiotics which, in turn, might raise the level of antibiotics found in milk and beef," the GAO said.

"We cannot conclude at present that the nation's milk supply has not already been contaminated by antibiotics beyond acceptable levels. Yet there has been no effort by either the drug sponsors or the Food and Drug Administration to determine whether there may be higher antibiotic levels in milk associated with rBGH treatment and whether they would be acceptable."

Dairy farmer groups have long urged the FDA to stop the marketing of rBGH milk products. Mr Curt Rohland, president of the National Family Farm Coalition, said the report confirmed what many farmers have found: that treating cows with a synthetic hormone put the animals under more stress, made them more vulnerable to infection and increased the use of antibiotics.

Brazil's iron ore giant spreads its wings

Bill Hinchberger on Companhia Vale do Rio Doce's diversification programme

IN THE world of iron ore Companhia Vale do Rio Doce, the state-controlled Brazilian mining giant, stands head and shoulders above the rest. It produced over half of Brazil's domestic output of 150m tonnes last year and handles about a quarter of international demand for the commodity.

Its Carajas deposit, in the Amazon state of Para, alone yields 35m tonnes of ore a year. If the market could absorb it, the annual figure could probably be pushed up to 50m tonnes without much trouble. The company's iron ore deposits are so rich that one company official's boast that, "we've got enough for 400 years", is probably not too much of an exaggeration.

But over the last two decades, behind its huge iron facade, the company has been implementing a strategy of diversification – first into other minerals, now farther afield into transport and the pulp and paper industry. It is also steering toward vertical integration into metal production, both at home and, tentatively, abroad.

Planning such strategic decisions will be eased by a recently signed administrative contract with its majority shareholder, the state, which allows CVRD to operate more like a private company.

Celebrating the 50th anniversary of its founding this year, the company is beginning a third stage of company development, according to Mr Juarez Fontana dos Santos, director of development for Paulo Abib Engenharia, a mining consulting firm. Until 1970, it concentrated almost exclusively on iron ore extraction. Then, with the founding of a prospecting subsidiary, Docegeo, the company expanded into other minerals. Now it is primed to move into complementary activities and direct overseas investment.

Having moved into other minerals over the past decade the company is now widening its horizons to encompass transport, pulp and paper and metal production, both at home and, tentatively, abroad

Expansion seems almost inevitable. The 16-company group has sales of $4.5bn a year. "I would say that, today, the biggest problem is where to invest all that money," says Mr Fontana.

Since the late 1970s, manganese, bauxite, limestone, and – notably in recent years – gold have become important products for CVRD. Last year, it produced 28 per cent of the country's 1.97m-tonne manganese output, and it owns 46 per cent of Mineracao Rio do Norte, the country's largest producer of bauxite (aluminium ore). Executives are predicting that gold output this year will approach 12 tonnes, putting it among the leading Brazilian producers.

Encouraged on by privatisation of the state-dominated steel sector, horizontal expansion is now paralleled by vertical integration. In a sell-off last October, CVRD bought a 15 per cent stake in Usiminas, a flat rolled steel producer, which has the country's second largest mill; in July it took 15 per cent of Companhia Siderurgica Tubarao, one of the world's leading producers of slab steel.

While privatisation purists might question the purchase of public companies by their state-controlled sisters, CVRD had clear strategic goals – guaranteeing a market for its iron ore and manganese, as well as a slice of profits from the value added by milling.

In March the company bought 35 per cent of Seas, a manganese alloy producer in Dunkirk, France. The deal included a contract to supply nearly 200,000 tonnes of manganese a year, about two-thirds of Seas consumption.

An earlier step in a vertical direction, the Alunorte project, which tripped up seven years ago, may get back into its stride this year. It involved CVRD's Aluvale subsidiary, the majority partner, and a consortium of 31 Japanese companies called NAAC. The 1.1m-tonne capacity alumina (aluminium oxide) plant was primarily to supply Albras, an aluminium ingot producer and another CVRD-NAAC joint venture. Construction was halted when the Japanese partners balked at further investment. Resumption plans have been approved by NAAC and now await a final decision from CVRD, which may first try to entice an additional partner into the fold, thus ceding majority control.

The search for an extra partner characterises another strategic shift by the company. Once jealous of control, it now favours minority stakes in joint ventures, reflecting an international trend in mining towards sharing risks.

By the end of the year, it is expected to conclude negotiations on a joint venture to exploit the 1.2m-tonne copper deposit at Salobo, in the Carajas region. The partnership is likely to include one foreign company and a private Brazilian mining company. CVRD's new-found minority-share philosophy is so prevalent that the company has refused to even undertake the basic engineering project for Salobo by itself, even though this customarily accounts for what would be an affordable 1 per cent of total investment.

Given the security of massive existing mineral reserves, especially of iron ore, CVRD has been free to branch out into other areas, like transport. An early step was the "marriage" of shipments abroad, administering the rational combination of its dense iron ore with bulky soyabeans, for example. Now it wants to attract agricultural exporters in the central-western region to use the company railway leading to its port terminal in Vitoria, north of Rio de Janeiro. Soon CVRD will inaugurate its first foreign port terminal, in Los Angeles, California. Last year, transport accounted for 13 per cent of gross sales, $606m.

Pulp and paper production is another non-mining priority, with two major joint ventures on the drawing board. In 1991, such activities accounted for 4 per cent of gross sales, $178.8m.

In the mining sector, gold is getting most of the attention, as well as 80 per cent of the $20.7m exploration budget of Docegeo, CVRD's prospecting subsidiary. The effort appears to be paying off; as last year's gold output of 7.1m tonnes is expected to grow to nearly 12m this year, but Mr Fontana warns that those figures could fall drastically in coming years if new deposits are not turned up. According to the consultant, gold is one mineral of which CVRD does not boast ample long term deposits.

India signs palm oil deal with Malaysia

By R.C. Murthy in Bombay

INDIA HAS signed a memorandum of understanding with Malaysia covering the purchase of 300,000 tonnes of palm oil over the next two years. Last year it imported 160,000 tonnes, down from 1m tonnes five years ago.

Malaysia fears a further fall this year with Indonesia emerging as a potential palm oil exporter and India trying to narrow the gap between production and consumption of edible oils.

Good monsoon rains over the past fortnight brightened groundnut crop prospects in the western state of Gujarat, where output is estimated at 1.7m tonnes, more than treble last year's 500,000 tonnes.

Dr Lim Keng Yaik, Malaysian minister of primary industries, who has been in India to promote palm oil exports, said India should barter its expensive edible oils for cheaper palm oil to boost exports and meet the edible oil needs of its poorer consumers.

Malaysia's interest in India, despite falling exports, stems from the vastness of its market and the low level of edible oil consumption – 7 kg per head a year, half that in Malaysia.

WORLD COMMODITIES PRICES

MARKET REPORT

COFFEE prices continued the uptrend of the past few days but dealers said trading remained thin. The November futures position finally broke through resistance at $750 a tonne to closed at $757 a tonne, up $17 on the day and $34 on the week so far. Dealers were cautious about the prospects for the rise being sustained, however, suggesting that further gains would bring out the sellers. **COCOA** prices reversed the recent rise, ending at the bottom of the day's range in London. December futures closed at £636 a tonne, down £18. Dealers said the recent buoyant mood seemed to be evaporating in London, and the New York market provided little support. "It's a bit disappointing," said one trader. "We had a gap to fill between $642 and $648 in near December and now we've closed below that, which could mean more losses in the near term." At the London Metal Exchange **NICKEL** prices staged a late surge. Dealers were not getting too excited, however, arguing that the market was unlikely to build on the day's $54 rise to $7,340.50 a tonne for three months metal unless today's LME report showed a reversal of the recent strong uptrend in nickel stocks.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$17.70-80d	-0.10
Brent Blend (dated)	$19.55-65d	-.175
Brent Blend (Oct)	$19.75-80	-0.15
W T I (1 pm est)	$21.10-15d	-0.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-217	-2
Gas Oil	$171-172	-1.5
Heavy Fuel Oil	$84-85	-1
Naphtha	$190-191	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$337.65	-0.40
Silver (per troy oz)♣	374.0c	-5.5
Platinum (per troy oz)	$346 85	-0.65
Palladium (per troy oz)	$83.50	-0.15
Copper (US Producer)	112.0c	
Lead (US Producer)	40.0c	
Tin (Kuala Lumpur market)	16.72r	+11
Tin (New York)	313.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.42p	+0.48*
Sheep (live weight)†♠	73.74p	+1.16*
Pigs (live weight)†	84.60p	+3.52*
London daily sugar (raw)	$254.4w	-4.0
London daily sugar (white)	$283.0w	-1
Tate and Lyle export price	£340.0	-3
Barley (English feed)	$118.25z	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq	
Rubber (Sep)♥	50.50p	
Rubber (Oct)♥	50.50p	-0.50
Rubber (KL RSS No 1 Jul)	215.0r	-0.5
Coconut oil (Philippines)§	$507.5t	-2.5
Palm Oil (Malaysian)§	$382.5y	-2.5
Copra (Philippines)§	$322.5	
Soyabeans (US)	£133	-1
Cotton "A" Index	58.60c	-0.55
Wooltops (64s Super)	372p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Oct/Nov w-Aug/Sep y-Sep d-Oct. z-Oct/Dec. †Meat Commission average latstock prices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Oct	207.00	206.00	206.40	205.40
Dec	201.00	201.00	199.00	
Mar	198.20	198.20	198.00	
May	198.00	198.00	197.60	
White	Close	Previous	High/Low	
Oct	259.00	260.50	264.50	256.20
Dec	255.00	[illegible]	257.00	255.00
Mar	258.50	259.20	259.50	258.00
May	262.50	263.00	262.50	262.00
Aug	267.00	267.90	267.00	267.00
Oct	257.80	258.70	258.00	258.00

Turnover: Raw 312 (221) lots of 50 tonnes. White 853 (1169) Paris- White (FFr per tonne): Oct 1276.35 Dec 1361.40

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Oct	19.63	19.66	19.83	19.65
Nov	19.86	19.87	19.88	19.70
Dec	19.85	19.86	19.85	19.72
Jan	19.68	19.67	19.68	19.64
Feb	19.56	19.52	19.56	19.56
IPE Index	19.82	20.06		

Turnover 20000 (17653)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Sep	178.75	178.75	177.50	178.00
Oct	181.50	183.25	182.25	180.75
Nov	184.75	186.25	186.00	183.75
Dec	187.25	188.25	187.50	185.75
Jan	187.50	188.25	187.75	186.50
Feb	184.00	184.50	184.50	183.50
Mar	181.50	181.50	181.00	180.00
Apr	179.25	178.50	179.00	178.75
May	177.25	177.50	177.25	175.00

Turnover 16276 (34041) lots of 100 tonnes

FRUIT & VEGETABLES

Cyprus sultana, Israeli and Greek Thompson seedless grapes are this weeks best fruit buy at 45-60p a lb, and 68-80p a lb reports the FFVIB. Victoria plums are plentiful at 35-65p a lb. A good choice of melons is available; galia 70-95p each from Spain, Israel and France, honeydew 75p-£1.00 each and Spanis watermelon at £1.50-£2.00 each depending on size. Good quality English and Jersey courgettes are the best vegetable buy this week at 40-50p a lb. A variety of English lettuce is available: Iceberg 50-75p a head, Webbs 30-40p each and Lollo Rosso 45-60p each. New in are Dutch salad onions 40-50p.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	611	620	620	609
Dec	636	654	651	636
Mar	666	685	680	665
May	686	704	698	691
Jul	704	702	716	715
Sep	723	736	734	734
Dec	747	765	760	746
May	793	814	793	

Turnover: 3787 (10034) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Aug 19 636.43 (813.95) 10 day average for Aug 20 801.51 (799.88)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Sep	736	721	738	725
Nov	757	740	758	744
Jan	769	753	765	757
Mar	776	768	771	765
May	790	780	782	775
Jul	790	789	793	790

Turnover: 2080 (2790) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Aug 19: Comp. daily 44.11 (44.88) 15 day average 46.17 (46.27)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	81.0	63.0	

Turnover 64 (139) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Oct	117.60	118.00	117.60	117.50
Feb	120.50	121.20	120.60	120.50

Turnover 203 (200) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Aug	1081	1081	1081	
Sep	1120	1126	1126	1120
Oct	1199	1205	1205	1199
Jul	1120		1120	
Oct	1295		1295	
BFI	1087	1076	1081	

Turnover 94 (111)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Sep	113.60	113.15	113.60	113.35
Nov	115.85	115.65	115.85	115.60
Jan	119.60	119.45	119.65	119.60
Mar	122.70		122.70	122.60
May	125.70	125.50	125.70	
Barley	Close	Previous	High/Low	
Sep	109.50	109.40	109.55	
Nov	113.00	112.80	113.00	112.90
Jan	116.75	116.60	116.75	
Mar	119.60	119.45	119.60	
May	121.75		121.75	

Turnover: Wheat 109 (165), Barley 101 (160). Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Sep	107.0	106.0	106.0
Oct	106.5	108.5	106.3
Nov	106.3	106.0	106.3
Jan	100.0	101.0	100.0
Mar	104.0		103.0

Turnover: 16 (25) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)				-		Total daily turnover 23,966 lots
Cash	1297.5-98.5	1299-1300	1298.5	1298.5-99		
3 months	1321-21.5	1323-23.5	1322.5/1321.5	1322-22.5	1321-21.5	177,497 lots
Copper, Grade A (£ per tonne)						Total daily turnover 17,433 lots
Cash	1308.5-09.5	1321-22	1309	1309-9.5		
3 months	1332-32.5	1344-45	1333.5/1330	1332-33	1332-2.5	147,297 lots
Lead (£ per tonne)						Total daily turnover 3,683 lots
Cash	328.5-29.5	332.5-33		329.5-30		
3 months	339.5-40	342.5-43	341/340	340.5-51	340-40.25	37,965 lots
Nickel ($ per tonne)						Total daily turnover 3,340 lots
Cash	7260-65	7205-15	7282/7235	7220-25		
3 months	7340-41	7285-86	7346/7270	7290-300	7340-45	24,040 lots
Tin ($ per tonne)						Total daily turnover 1,520 lots
Cash	6770-80	6750-55	6760/6755	6758-60		
3 months	6800-05	6785-90	6815/6785	6780-85	6795-805	11,577 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,444 lots
Cash	1354-55	1360-61	1365	1355-56		
3 months	1328-29	1333-34	1336/1328	1329.5-30	1330-30.5	65,878 lots

LME Closing £/$ rate: SPOT: 1.9390 3 months: 1.9083 6 months: 1.8779 9 months: 1.8492

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent	
Close	337.60-337.80		
Opening	338.00-338.30		
Morning fix	336.70	173.942	
Afternoon fix	337.25	174.181	
Day's high	338.00-338.30		
Day's low	336.00-336.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.83	6 months	2.84
2 months	2.83	12 months	2.71
3 months	2.81		

Silver fix	p/troy oz	US cts equiv
Spot	192.35	372.90
3 months	197.20	375.95
6 months	202.15	379.00
12 months	212.30	385.30

GOLD COINS	$ price	£ equivalent
Krugerrand	336.00-337.50	175.00-177.00
Maple leaf	346.95-349.20	-
New Sovereign	81.00-83.00	42.00-44.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1250	65	85	3	8
1300	14	50	9	23
1350	3	25	48	47
Copper (Grade A)	Calls		Puts	
2500	54	89	6	52
2550	22	63	23	76
2600	5	44	56	106
Coffee	Nov	Jan	Nov	Jan
700	74	86	18	35
750	44	54	38	35
800	25	33	68	64
Cocoa	Dec	Mar	Dec	Mar
625	40	71	29	30
650	30	57	44	41
675	21	45	60	54
Brent Crude	Oct	Nov	Oct	Nov
2000	25		43	60
2050	12	27		93
2100	5	18		-

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	337.4	337.9	336.8	336.7
Sep	337.8	338.1	0	0
Oct	338.7	339.2	338.9	337.6
Dec	340.2	340.8	340.6	339.0
Feb	341.9	342.5	341.7	340.9
Apr	343.5	344.1	343.4	342.8
Jun	345.2	345.8	344.8	344.8
Aug	347.0	347.6	346.5	346.5
Oct	348.8	349.5	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	348.8	348.3	349.0	344.5
Jan	346.7	344.3	347.0	343.0
Apr	347.9	345.8	347.5	347.5
Jul	348.9	346.8	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	372.8	377.2	372.0	372.0
Sep	373.2	377.7	374.0	371.5
Oct	375.1	379.6	0	0
Dec	376.6	381.3	377.5	374.0
Jan	378.1	382.6	0	0
Mar	380.5	385.2	381.5	377.0
May	383.1	387.6	382.5	381.0
Jul	385.5	390.2	386.0	384.0
Sep	388.4	393.1	388.0	388.0
Dec	392.8	397.5	393.5	392.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	113.30	114.25	114.25	113.30
Sep	113.65	114.35	114.45	113.50
Oct	113.55	114.70	114.25	114.00
Nov	114.20	114.80	0	0
Dec	114.40	115.05	115.00	114.30
Jan	113.95	114.60	0	0
Feb	113.70	114.35	0	0
Mar	113.30	113.65	113.65	113.30
Apr	112.40	112.70	0	0
May	112.00	112.25	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	50.25	50.80	51.25	50.10
Dec	52.80	53.05	53.80	52.50
Mar	55.40	55.70	56.20	55.20
May	58.05	58.75	59.90	59.25
Jul	62.00	61.80	62.20	61.70
Sep	64.00	63.75	64.00	64.00
Dec	67.50	67.25	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	21.35	21.37	21.36	21.15
Oct	21.16	21.18	21.22	21.06
Nov	21.12	21.10	21.16	20.99
Dec	21.08	21.01	21.08	20.90
Jan	20.96	20.92	20.96	20.85
Feb	20.92	20.85	20.92	20.80
Mar	20.84	20.74	20.84	20.67
Apr	20.74	20.64	20.74	20.65
May	20.63	20.54	20.63	20.55
Jun	20.45	20.45	20.45	20.45

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	58.30	58.15	58.40	57.85
Oct	59.35	59.24	59.40	58.75
Nov	60.55	60.45	60.60	60.00
Dec	61.66	61.60	61.70	61.15
Jan	62.16	62.15	62.15	61.75
Feb	61.36	61.36	61.35	61.05
Mar	59.40	59.45	59.50	59.00
Apr	57.70	57.70	57.70	57.50
May	56.62	56.50	56.62	56.35
Jun	55.80	55.70	55.70	55.70

COCOA 10 tonnes/$/tonnes				
	Close	Previous	High/Low	
Sep	1031	1061	1063	1029
Dec	1073	1106	1098	1071
Mar	1126	1157	1149	1125
May	1160	1192	1183	1158
Jul	1191	1223	0	0
Sep	1221	1253	0	0
Dec	1256	1288	0	0
Mar	1292	1324	0	0
May	1320	1352	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.09	9.19	9.24	9.06
Mar	8.85	8.91	8.95	8.85
May	8.86	8.88	8.91	8.86
Jul	8.86	8.86	8.90	8.86
Oct	8.79	8.78	8.80	8.77

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	58.75	59.27	59.55	58.00
Dec	56.70	58.70	57.30	55.95
Mar	57.85	57.62	58.30	57.00
May	58.55	58.45	58.82	57.75
Jul	58.90	58.80	59.40	58.60
Oct	60.40	60.75	60.25	60.00
Dec	60.25	60.57	60.60	60.10

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	112.60	111.25	112.90	111.20
Nov	108.25	107.20	108.25	107.15
Jan	107.55	106.60	107.90	107.05
Mar	107.80	107.00	108.25	107.60
May	107.80	107.20	0	0
Jul	107.30	106.70	0	0
Sep	107.30	106.70	0	0
Nov	107.30	106.70	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug.20	Aug.19	mnth ago	yr ago
1521.6	1529.2	1573.2	1643.0

DOW JONES (Base: Dec. 31 1974 = 100)				
	Aug.19	Aug.18	mnth ago	yr ago
Spot	115.86	115.86	118.08	117.15
Futures	115.22	115.96	119.39	120.77

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	554/2	549/0	554/2	549/0
Sep	546/4	540/2	550/0	540/0
Nov	542/6	538/2	545/0	540/4
Jan	550/0	547/0	552/6	548/4
Mar	558/2	556/[illegible]	561/0	556/2
May	565/2	565/[illegible]	567/4	562/4
Jul	571/2	566/[illegible]	574/6	570/0
Aug	570/0	567/[illegible]	574/4	570/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	18.44	18.36	18.55	18.29
Sep	18.52	18.42	18.62	18.35
Oct	18.63	18.54	18.75	18.51
Dec	18.89	18.83	19.06	18.78
Jan	19.02	18.96	19.11	18.97
Mar	19.32	19.27	19.45	19.25
May	19.59	19.57	19.70	19.56
Jul	19.86	19.85	19.91	19.86

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	173.2	173.6	174.4	172.5
Sep	172.7	172.1	173.5	172.4
Oct	168.6	167.9	169.3	168.1
Dec	167.8	166.8	168.7	167.2
Jan	167.0	166.5	168.2	167.0
Mar	166.4	166.1	167.7	166.3
May	166.6	166.3	167.5	166.5
Jul	167.0	[illegible]	168.5	167.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	220/0	218/2	[illegible]	219/0
Dec	221/0	219/6	[illegible]	219/6
Mar	229/4	228/4	[illegible]	228/4
May	236/4	234/4	[illegible]	234/6
Jul	240/2	239/2	[illegible]	239/4
Sep	241/0	240/4	[illegible]	241/0
Dec	243/4	243/4	[illegible]	243/2

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	309/6	308/6	310	307/4
Dec	322/2	318/6	323	319/4
Mar	329/4	324/6	329	325/6
May	327/6	324/0	328	324/0
Jul	316/6	315/0	319/0	315/0
Sep	323/4	320/0	0	0
Dec	333/4	331/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	74.300	74.175	74.400	74.150
Oct	74.250	74.325	74.450	74.125
Dec	72.975	72.975	73.125	72.825
Feb	72.275	72.350	72.475	72.250
Apr	73.350	73.425	73.475	73.275
Jun	70.325	70.400	70.500	70.325
Aug	68.900	68.925	69.150	68.800

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	45.450	44.625	45.500	[illegible]
Oct	40.400	40.375	40.775	[illegible]
Dec	41.025	40.975	41.225	[illegible]
Feb	40.925	40.675	41.000	[illegible]
Apr	39.550	39.500	39.575	[illegible]
Jun	44.900	44.950	45.000	[illegible]
Aug	43.700	43.700	43.700	[illegible]

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	40.175	39.900	40.300	[illegible]
Feb	41.525	41.825	41.950	[illegible]
Mar	41.325	41.650	41.650	[illegible]
May	42.650	42.850	42.850	[illegible]
Jul	42.050	42.300	0	[illegible]
Aug	42.250	42.250	0	[illegible]

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Sterling weakness turns shares lower

By Terry Byland,
UK Stock Market Editor

CURRENCY fears took a hand in the UK stock market yesterday, and early gains in shares were reversed later when sterling slipped lower against the D-Mark on the foreign exchange market, challenging its low in the European exchange rate mechanism.

The FT-SE Index was only 4.1 off at the close of share trading, but this contrasted with an earlier rise of 13 points when London was responding favourably to the Bundesbank's decision to leave its Lombard rate unchanged.

The slide in the pound implied a new threat of higher interest rates in the UK, and the stock market saw increased selling pressure towards the close of trading. The final reading put the FT-SE Index at 2,359.4, with traders sounding nervous about this morning's opening in the London markets.

Barclays de Zoete Wedd, the UK investment bank, last night reduced its year-end forecast for the FT-SE Index from 2,750 to 2,600, following downgrades to both its GDP and corporate earnings predictions. The Footsie 2,750 estimate is postponed until the end of next year.

The bank's decision coincided with a similarly bearish review of the economy from Professor Doug McWilliams, economic adviser to the Confederation of British Industry, who warned yesterday that economic recovery will be delayed until 1994.

Account Dealing Dates			
*First Dealings:	Aug 10	Aug 24	[illegible]
Option Declarations:	Aug 20	Sep 3	Sep 17
Last Dealings:	Aug 21	[illegible]	Sep 18
Account Day:	Sep 1	Sep 14	Sep 28

*New time dealings may take place from 8.30 am two business days earlier.

The stock market's currency concern was also fuelled by weakness in the US dollar ahead of an important speech from President Bush and by rumours, denied by the German Finance Ministry, that a meeting of the Group of Seven ministers was planned.

The stock market opened cautiously, unwilling to extend the modest recovery of the previous session in spite of the recovery of 4.2 per cent in the Nikkei Average, which was offset by Wall Street's fall of 22 Dow points overnight.

However, the blue chip stocks, inclined to drift easier while awaiting the outcome of the Bundesbank policy meeting, were quickly pulled upwards from an initial dip of six Footsie points by a firm opening in stock index futures. The Footsie was soon ahead by 13 points at 2,576.5.

Trading volume was light at this stage and optimism restrained by the latest German money supply data, which appeared to set a gloomy backcloth for the Bundesbank meeting. The July money supply statistics for the UK had little effect, however.

Although below its best levels, the London market held up at midsession and drew the expected benefit from the Bundesbank's favourable decision on German interest rates. The setback in share prices did not appear until the pound turned down, but the response from stock index futures was swift, and the underlying blue chips followed suit.

Seaq trading volume increased to 425.9m shares, the highest daily total this week, as market traders nervously lightened their dealing books. The 393.7m shares traded across the Seaq network on Wednesday reflected retail, or customer, business in equities worth only £778m, still very poor in terms of profitability to the London securities industry.

Wellcome support to end

PHARMACEUTICALS group Wellcome advanced sharply as traders sensed that the "green shoe" operation to support the price of the group's global share issue was about to be ended.

Late last night, Robert Fleming, the merchant bank heading the global share issue, said the support operation, which allowed it to buy back up to 40.5m shares in order to stabilise the 800p issue price, would terminate at the close of yesterday's trading session in New York, assuming no sudden collapse in the US market overnight.

The winding-up of the issue will mean that Wellcome Trust, the governing charity, will have reduced its stake to 40 per cent and sold around 290m shares to raise £2.32bn minus expenses. The money is expected to be reinvested in equities. Wellcome shares closed a net 10 higher at 802p after high turnover of 9.4m.

Fleming could have operated the "green shoe" until next Wednesday but said it had not bought any Wellcome shares since August 12, since when the share price had held up well in a completely free market.

Mr Ian Hannam, who has been co-ordinating the issue, said that ending the support process would give a chance to analysts, gagged by Stock Exchange rules, to publish research on the company. There have been fears that Wellcome's forecast of full-year profits of £500m to £510m might be affected by a weaker dollar, but the company has been reassuring analysts.

Securities house Hoare Govett and agency broker James Capel, both linked to the flotation, were believed yesterday to be preparing positive research.

Hillsdown hit

Food manufacturer Hillsdown fell victim to a rash of negative rumours in the wake of a series of recent downgrades in the run-up to its interim results, due early next month.

The timing and manner of the fall in the share price suggested to some dealers a bear raid on the stock. Nomura became the latest to downgrade the group yesterday, chopping £17m from its full-year estimate to £193m. The move is the latest in a revision of the whole food manufacturing sector by analysts across the market.

Hillsdown shares came under pressure early yesterday, following activity in the option market. This appeared to be the signal for the rumour mill to grind into action, with questions hinted about Hillsdown's profitability and talk that the company may issue a deeply negative trading statement.

Both suggestions were dismissed by analysts, but the damage to the shares was already done. They closed 13 down at 94p after busy turnover of 6.6m.

Insurance broker Willis Corroon fell 8 in pre-market trading and finished a net 16 off at 170p on heavy turnover of 7.3m shares after the company posted lower than expected half-year profits of £54m.

A range of analysts' profits forecasts predicted between £60m and £66m, against £69.4m last time. The company said profits for 1992 would not match those for 1991 because of world insurance and financial market factors, together with the cost of the firm's long-term investments. C.E. Heath declined 9 to 251p in sympathy.

An upgrade for Boots lifted the shares 9 to 452p. After meeting the company, Nomura added £10m to this year's forecast, to £420m, and raised 1993's figure £15m to £470m.

John Menzies escaped a hangover from the Monopolies and Mergers Commission inquiry into newspaper suppliers, recovering 11 to 331p. S.G. Warburg was said to be positive. But nervousness ahead of next week's figures kept W.H. Smith under pressure to end 8 lower at 383p.

Brewer and hotelier Vaux was knocked by a sell note and downgrade from Smith New Court, shedding 6 to 168p. There were also reported downgrades in Bass, off a penny at 520p, by BZW and Hoare Govett.

Exceptionally large turnover in Racal Electronics followed a big sale by a leading UK institution. Dealers said 11m shares were crossed at 63p, with an eventual 26m dealt, making it the most heavily traded stock of the day. The shares edged forward a halfpenny to 64p.

British Gas was a penny firmer at 236½p after announcing that a partnership with Tractebel, of Belgium, had been selected to develop, own and operate a £175m central plant to serve a Thai petrochemical complex.

In spite of a 21 per cent rise in first-half profits, environmental services group Rentokil ended a penny easier at 147p. The company, which has expanded through more than 100 small to medium-sized acquisitions into hygiene, building and office services, has increased profits at around 20 per cent a year for the last 10 years. Analysts expect that growth rate to continue through this year, with full-year profits of around £114m.

Two large lines of stock, one of which turned into a badly executed sale, was said to have unhinged Ladbroke. The shares receded 8 to 141p with turnover a hefty 5.3m.

In transports, NFC was in demand and moved ahead 7 to 242p, but profit-taking was seen in BAA, 5 down at 666p.

British Aerospace advanced 9 to 213p in early trading on talk that the company was about to announce the long-awaited order from Saudi Arabia for the Tornado military aircraft. The stock was also said to have been helped by a reported reported buy recommendation from broker Strauss Turnbull. But, sellers appeared at higher levels, leaving the shares 4 up at 208p.

T & N eased 2 to 138p after James Capel crossed a block of shares at 137½p.

Inchcape shrugged off recent weakness and rallied 9 to 386p after broker S.G. Warburg recommended the stock, saying: "Recent falls have been overdone and now is the time to buy for the long term."

A squeeze in English China Clays helped the shares buck the trend in a dull building and construction sector. The stock added 8 at 499p in thin trading. Hartstone was wanted and bounced 4 to 129p.

Financial worries continued to overhang Trafalgar House, which finished 4¼ lower at 44½p. Profit-taking in Lonrho brought a reaction of 3 to 78p after Wednesday's gain.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

■ Other market statistics, Page 18

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (8).
HOTELS & LEISURE (1) Millennium, [illegible] (2) CIA, TVS Ent. 7.4pc Pf '08, METAL & METAL FORMING (1) Morris Ashby, STORES (1) French Connection, TEXTILES (1) Leeds, TRANSPORT (1) Dawsongroup, MINES (1) Forsayth.
NEW LOWS (145).
AMERICANS (3) Amdahl, Brewster Inc., IBM, CANADIANS (1) BC Gas, BANKS (3) ANZ, HSBC, Standard Chrtd., BREWERS & DISTILLERS (2) Greenalls, Do 5.85pc Pf, Vaux, BUILDING MATERIALS (3) Breedon, Sc. Fittings, Russell (A), BUSINESS SERVICES (3) African Lakes, CRT, Rentokil [illegible], CHEMICALS (3) BTP, Perstorp, CONGLOMERATES (3) Cannon St., Daimler-Benz, Hanson, CONTRACTING & CONSTRUCTION (7) Allen, Amead, Avonside, Barla, Lilley, McAlpine, Tilbury Douglas, ELECTRICALS (2) BICC, Wholesale Fttgs., ELECTRONICS (6) CML Microsystems, Computer People, Hewlett-Packard, Prestwick, Real Time Control, Siemens, ENGINEERING GENERAL (5) Bridon, Bullough, Ransomes, Record, Verson, FOOD MANUFACTURING (5) Armour, Hillsdown, Perkins, Slee, Unigate, FOOD RETAILING (3) Albert Fisher, Dairy Farm, Thorntons, HEALTH & HOUSEHOLD (1) Scholl, HOTELS & LEISURE (5) Allied Leis., Friendly Htls., Ladbroke, Magnolia, Resort Htls., INSURANCE BROKERS (6) Heath, Hogg, JIB, Lowndes Lambert, Steel Burrill Jones, Willis Corroon, INSURANCE COMPOSITE (1) Skandia, INVESTMENT TRUSTS (30) Aberforth Split Level Uts., City of Oxford Zero Pf, Contl. Assets, Drayton Asia, Drayton Korea, Exmoor Dual Inc., First Spanish, Do Wts., Fleming Intl. High Inc., For. & Col. Pacific, For. & Col. German, Gartmore Amer., Gartmore Euro., Gartmore [illegible], Greenfriars, Do Wts., Japan OTC Wts., Japanese Wrrnt. Fund, Latin American Wts., Law. & Strathclyde, M & G Inc. Geared Uts., M & G Recovery Zero Pf., Martin Currie Pac., Do Wts., Moorgate Smllr. Co's Inc., Do Wts., Murray Ventures, New Frontiers Dev., Overseas Inv. Wts., Pacific Assets, Do Wts., Pacific Horizon, River Plate Inc., Do Cap., Securities Tst. Scot., TR Euro. Growth, TR Smllr. Co's, Thornton Asian Emrg. Mkts., Vietnam Fd., Do Wts., [illegible], MERCHANT BANKS (2) Singer & Friedlander, Warburg (S.G.), METAL & METAL FORMING (2) ASW, Utd. Ind., MISCELLANEOUS (3) Nu-Swift, Porvair, Spandex, MOTORS (5) Dagenham, Jacks, GR, Is. Oak (4) Aberdeen, Arcon, Premier, Total, OTHER INDUSTRIAL MATERIALS (4) BH Props., Brown & Tawse, Vinten, PACKAGING, PAPER & PRINTING (2) Microfilm Reprog., Repola, PROPERTY (7) City Site Ests., Debenham Tewson & C., Ests. & Gen. 8pc Pf, Gt. Portland 9½pc '02, Pres. Security, Slough, Utd. Land, STORES (2) Rosebys, T & S, TEXTILES (4) Coats Viyella, Foster (J), Lowe, Strick., TRANSPORT (3) Ocean, TIP Europe, MINES (8) Anglo Amer. Gold, Anglo Pacific, Battle, Blackwood, FS Cons., Gold Fields SA, Montague Gold, Vaal Reefs.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Thursday August 20 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Aug 19 Index No.	Tue Aug 18 Index No.	Mon Aug 17 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (175)	717.43	-0.4	8.20	6.24	15.60	21.23	720.39	716.99	722.52	857.04
2 Building Materials (23)	747.22	-1.1	7.27	7.41	18.64	26.43	755.34	755.24	766.72	1094.88
3 Contracting, Construction (27)	577.96	-0.3	6.06	10.36	35.92	25.20	579.97	584.81	594.39	1162.88
4 Electricals (9)	2162.67	-1.0	7.61	6.95	16.96	72.04	2184.12	2174.53	2132.52	2458.20
5 Electronics (27)	1902.08	+0.3	8.44	4.53	14.77	45.74	1896.92	1883.25	1890.65	1744.99
6 Engineering-Aerospace (6)	304.09	+0.7	11.98	8.57	10.56	11.27	302.06	299.31	301.81	412.94
7 Engineering-General (43)	433.46	-0.1	9.35	5.56	13.40	12.47	434.00	433.17	436.64	478.74
8 Metals and Metal Forming (7)	270.62	-0.5	6.34	8.14	23.04	7.18	271.95	273.18	277.82	449.46
9 Motors (14)	305.16	-0.7	8.80	7.73	14.96	12.25	307.25	305.00	304.70	357.60
10 Other Industrial Materials (19)	1565.01	-0.6	7.92	5.30	15.21	38.28	1574.72	1565.26	1572.98	1652.72
21 CONSUMER GROUP (191)	1498.46	-0.1	8.17	3.84	15.04	27.61	1500.42	1496.01	1510.69	1552.60
22 Brewers and Distillers (25)	1929.36	-0.6	8.62	3.79	13.99	37.45	1940.13	1924.94	1940.90	1878.88
25 Food Manufacturing (19)	1133.30	+0.2	9.52	4.66	12.99	26.01	1130.96	1130.88	1146.32	1219.78
26 Food Retailing (18)	2645.28	+0.1	9.22	3.45	14.13	44.92	2641.41	2665.88	2701.82	2664.54
27 Health and Household (24)	3797.42	+0.1	7.31	2.81	15.58	42.42	3792.33	3768.09	3801.49	3717.62
29 Hotels and Leisure (18)	997.24	......	8.06	6.87	16.13	36.54	997.62	989.81	1010.51	1359.23
30 Media (27)	1399.17	-0.8	7.23	3.77	17.22	29.47	1410.31	1411.01	1410.75	1474.95
31 Packaging, Paper & Printing (17)	715.04	-1.7	7.25	4.62	16.68	15.69	727.05	727.64	722.06	757.09
34 Stores (34)	947.73	+0.3	7.97	3.94	16.61	16.98	945.22	942.80	954.69	1019.26
35 Textiles (9)	571.91	-1.0	8.48	5.42	14.69	15.02	577.65	576.90	586.48	611.32
40 OTHER GROUPS (117)	1195.97	......	10.32	5.67	12.09	35.65	1196.51	1194.53	1198.79	1276.12
41 Business Services (17)	1209.49	......	7.05	4.27	17.31	21.09	1209.98	1222.36	1241.33	1399.07
42 Chemicals (22)	1301.60	-0.5	7.54	5.59	16.45	45.57	1307.63	1307.81	1312.79	1456.26
43 Conglomerates (10)	1136.86	-0.5	10.06	9.67	12.74	24.98	1142.58	1143.59	1151.80	1520.20
44 Transport (14)	2219.29	-0.2	8.90	5.32	13.86	55.92	2223.86	2212.63	2224.40	2286.99
45 Electricity (16)	1321.81	-0.8	15.00	5.55	8.44	44.58	1333.02	1318.59	1303.95	1229.72
46 Telephone Networks (4)	1395.26	+0.3	10.83	4.73	12.03	46.15	1391.03	1393.31	1404.23	1541.86
47 Water (11)	2853.38	+0.9	15.70	6.07	7.05	86.85	2828.52	2805.60	2773.61	2388.70
48 Miscellaneous (23)	1929.46	+0.4	6.89	5.24	18.22	54.03	1921.15	1918.75	1936.81	1918.40
49 INDUSTRIAL GROUP (483)	1206.60	-0.2	8.07	4.85	14.01	29.03	1208.43	1205.01	1213.95	1295.16
51 Oil & Gas (17)	1816.58	+0.3	8.34	6.72	15.70	68.79	1811.11	1795.52	1817.79	2446.57
59 500 SHARE INDEX (500)	1265.85	-0.1	8.82	5.04	14.16	32.22	1267.20	1262.89	1272.88	1393.82
61 FINANCIAL GROUP (84)	659.98	-1.0	-	6.70	-	25.10	666.37	665.15	671.74	832.17
62 Banks (9)	886.07	-1.4	7.23	6.22	19.92	36.70	898.56	897.98	902.02	980.77
65 Insurance (Life) (6)	1383.77	......	-	6.45	-	44.26	1383.52	1370.85	1381.96	1592.72
66 Insurance (Composite) (7)	458.71	-0.1	-	6.83	-	13.46	459.00	459.37	464.77	657.35
67 Insurance (Brokers) (10)	592.24	-4.7	12.00	9.25	10.93	31.02	621.17	605.56	679.55	1165.03
68 Merchant Banks (7)	400.58	+0.6	-	5.39	-	12.37	398.08	400.14	405.24	436.74
69 Property (30)	516.35	-1.0	11.64	8.85	11.53	20.85	521.49	521.67	524.56	931.84
70 Other Financial (15)	222.17	+0.3	8.27	7.79	16.36	6.63	221.42	221.96	222.35	256.82
71 Investment Trusts (70)	1050.86	......	-	4.28	-	22.04	1051.40	1047.88	1053.55	1234.34
99 ALL-SHARE INDEX (654)	1120.57	-0.2	-	5.22	-	30.07	1122.95	1119.35	1128.41	1257.16

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 19	Aug 18	Aug 17	Aug 14	Aug 13	Year ago
FT-SE 100 SHARE INDEX♦	2359.4	-4.1	2376.5	2357.1	2363.5	2354.7	2376.1	2356.8	2318.0	2623.0

FIXED INTEREST PRICE INDICES	Thu Aug 20	Day's change %	Wed Aug 19	Accrued Interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (23)	121.16	+0.05	121.11	1.69	8.49
2 5-15 years (25)	137.04	+0.14	137.40	1.93	9.30
3 Over 15 years (8)	149.44	+0.21	149.13	1.76	8.14
4 Irredeemables (6)	168.70	+0.17	168.42	3.26	7.34
5 All stocks (62)	134.73	+0.12	134.87	1.64	9.04
Index-Linked					
6 Up to 5 years (2)	170.82	....	170.81	0.03	3.25
7 Over 5 years (10)	148.05	....	148.04	0.55	3.33
8 All stocks (12)	150.01	....	150.01	0.48	3.29
9 Debs & Loans (62)	121.17	+0.09	121.06	3.11	6.83

AVERAGE GROSS REDEMPTION YIELDS		Thu Aug 20	Wed Aug 19	Year ago (approx.)
British Government				
1 Low	5 years	8.61	8.60	8.92
2 Coupons	15 years	8.85	8.87	9.65
3 (0%-7¾%)	20 years	8.85	8.87	9.65
4 Medium	5 years	9.42	9.43	10.00
5 Coupons	15 years	9.04	9.07	9.85
6 (8%-10¾%)	20 years	8.97	9.00	9.80
7 High	5 years	9.65	9.65	10.18
8 Coupons	15 years	9.24	9.26	9.97
9 (11%-)	20 years	9.14	9.16	9.87
10 Irredeemables		9.12	9.13	9.84
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	4.28	4.27	3.89
12 Inflation rate 5%	Over 5 yrs	4.54	4.54	4.36
13 Inflation rate 10%	Up to 5 yrs	3.48	3.47	2.89
14 Inflation rate 10%	Over 5 yrs	4.35	4.35	4.16
15 Debs &	5 years	10.67	10.67	11.73
16 Loans	15 years	10.38	10.39	11.51
17	25 years	10.25	10.26	11.32

♦Opening index 2357.5; 9 am 2369.0; 10 am 2371.2; 11 am 2373.7; Noon 2371.0; 1 pm 2369.0; 2 pm 2369.6; 2.30 pm 2369.6; 3 pm 2365.8; 4.10 pm 2359.4; (a) 9.30am (b) 8.33am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

FINANCIAL TIMES STOCK INDICES

	Aug 20	Aug 19	Aug 18	Aug 17	Aug 14	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.59	88.54	88.62	88.60	88.47	85.61	90.78 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.28	105.10	105.23	105.15	104.74	94.80	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share●	1757.5	1765.6	1752.8	1768.2	1753.8	1987.9	2149.7 (22/5)	1715.3 (12/8)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	82.4	82.1	81.1	81.6	80.2	161.3	160.6 (10/1)	80.2 (14/8)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2359.4	2363.5	2354.7	2376.1	2356.8	2554.5	2737.8 (11/5)	2303.1 (12/8)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1071.32	1072.96	1072.68	1081.08	1074.48	1141.43	1248.79 (11/5)	1065.09 (13/8)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	5.11	5.10	5.14	5.11	5.14	4.78				
●Earning Yld %(full)	7.40	7.39	7.47	7.47	7.47	7.92				
●P/E Ratio(Net)(*)	17.06	17.08	16.92	17.01	16.92	15.74				
SEAQ Bargns 5.00pm	19,692	15,686	18,076	17,414	18,659	26,726				
Equity Turnover(£m)†	-	778.0	730.1	643.1	820.2	870.8				
Equity Bargains†	-	19,932	18,107	19,256	21,150	27,889				
Shares Traded (ml)†	-	349.4	313.8	340.3	399.2	368.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ● Nil 15.88.

Ordinary Share Index, Hourly changes — Day's High 1774.5 — Day's Low 1757.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1762.2	1769.7	1771.1	1769.9	1768.5	1767.7	1768.0	1763.6	1757.7

FT-SE 100, Hourly changes — Day's High 2376.5 — Day's Low 2357.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2357.5	2369.0	2371.2	2373.7	2371.0	2369.0	2369.6	2365.8	2360.1

FT-SE Eurotrack 200, Hourly changes — Day's High 1075.86 — Day's Low 1070.58

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1075.86	1075.57	1075.04	1073.17	1072.52	1072.42	1071.18

GILT EDGED ACTIVITY

Indices*	Aug 19	Aug 18
Gilt Edged Bargains	74.9	73.7
5 – Day average	80.1	81.7

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
AUT	0	380	-2
ASDA Group	2,300	25½	-1½
Abbey National	1,500	258	-6
Albert Fisher	1,100	32	-1
Allied-Lyons	1,400	566	-12
[illegible]	748	24½	
Anglian Water	564	430	+1
Argos	460	215	-3
Argyll Group	1,500	333	+2
Arjo Wiggins	2,700	212	-8
Ass. Brit. Foods	375	398	-1
Ass. Brit. Ports	510	274	
[illegible rows]			
Bowater	416	747	1
Brit. Aerospace	[illegible]	208	+4
British Airways	[illegible]	214	-4
British Gas	5,300	236½	+1
British Land	913	160	-1
British Steel	2,900	53	-½
Bunzl	400	87	-5
Burmah Castrol	253	566	+1
Burton	3,600	33½	+1
Cable & Wire	816	506	-1
Cadbury Schweppes	1,200	434	+5
Caird Group	16	173	
Carlton Comms	563	585	2
Coats Viyella	1,300	160	-3
Comm. Union	[illegible]	472	
Cookson	[illegible]	[illegible]	
Courtaulds	226	464	-3
Dalgety	718	368	
De La Rue	249	562	-9
Dixons	2,100	198	-8
Eastern Elect.	1,450	279	-8
East Midland Elect.	2,200	303	-5
Eng China Clays	509	499	+7
Enterprise Oil	1,000	302	+6
Eurotunnel Units	325	351	
FKI	1,200	73½	-1½
[illegible rows]			
Hillsdown	6,600	94	-13
IMI	825	234	
ICI	[illegible]	1108	-3
Inchcape	1,400	386	+9
Kingfisher	700	460	
Kwik Save	94	650	+3
Ladbroke	5,300	141	-8
Land Securities	606	387	-2
Laporte	180	487	-7
Legal & General	323	305	-2
Lloyds Abbey	424	313	+1
Lloyds Bank	1,700	405	+1
LASMO	1,300	149	-6
London Elect.	1,500	303	-5
Lonrho	831	78	-3
Lucas	394	99	-1
MB Caradon	834	233	-4
MEPC	572	289	-4
Manweb	921	[illegible]	-7
Marks & Spencer	3,000	298	+1
Midlands Elect.	1,000	324	-7
NFC	841	242	+7
NatWest Bank	[illegible]	321	-7
National Power	2,000	234	+1
Nord	568	90½	+1½
North West Water	1,000	408	+5
[illegible rows]			
Reuters	808	1033	+7
Rolls Royce	2,500	139	+1
Rothmans	335	1040	
Ryl Bk Scotland	3,700	160	
Royal Insurance	711	188	-8
Saatchi	78	137	-1
Sainsbury	2,800	444	+6
Scottish & New	480	404	-4
Scot. Hydro-Elect.	1,400	199	-1
Scottish Power	3,100	189	-1
Sears	2,300	87	+1
Sedgwick	899	112	-3
Seeboard	584	312	-3½
Severn Trent Water	[illegible]	405	+4
Shell Transport	2,000	463	+2
Siebe	654	613	[illegible]
Slough Ests	516	100	-3
Smith (W.H.) A	769	383	-8
Smith & Nephew	3,800	135	-2
SmKl Beecham	1,000	457	+1
SmKl Beecham Uts.	2,700	410	+1
Smiths Inds.	[illegible]	[illegible]	
Southern Elect.	793	318	-4
South Wales Elect.	430	380	-8
South West Water	290	408	+3
South West. Elect.	969	307	-5
[illegible rows]			
United Biscuits	1,100	[illegible]	[illegible]
Utd. Newspapers	95	374	-4
Vodafone	2,000	318	-8
Warburg (SG)	38	411	+5
Wellcome	9,400	802	+10
Welsh Water	798	482	+6
Wessex Water	414	506	
Whitbread "A"	1,300	[illegible]	[illegible]
Williams Hldgs.	1,200	349	-4
Willis Corroon	7,300	170	-16
Wimpey	184	112	
Wolseley	347	335	-8
Yorkshire Elect.	2,400	357	-7
Yorkshire Water	775	488	+10

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down

EQUITY FUTURES AND OPTIONS TRADING

TURNOVER IN stock index futures improved from the recent poor levels in a volatile session which saw an early rise evaporate on worries over the weakness of sterling, writes Joel Kibazo

The first trade in the September contract on the FT-SE was struck at 2,375, four points below Wednesday's close and the contract went further into retreat with UBS Phillips and Drew reported to be the early seller. However, September soon regained momentum fuelled by strong buying from Salomons, and was trading at 2,399 by 9.30am, pulling the underlying cash market higher.

After a brief period of sideways trading, September was again in demand boosted by favourable UK money supply figures and later, relief at the unchanged Lombard discount rate. But the gains were surrendered in the afternoon as dealers focused on the weakness of sterling. September closed at 2,379, around 8 points above its fair value premium to cash of about 12. Turnover at 10,539 was an improvement on recent levels.

Volume in the traded options remained dull reaching only 27,153 contracts. The FTSE 100 option traded 7,148 lots. Hillsdown was the busiest stock option at 2,664 contracts

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
13½pc 1992		100⅛xd	—	102¼	100⅛	13.46	10.02
Treas 8¾pc 1993		98⅞	—	98⅞	97⅞	8.91	9.76
10pc 1993		100	—	100½	99⅞	10.00	9.96
12¼pc 1993		102⅜	—	103⅞	101⅞	12.23	9.96
Funding 6pc 1993		97xd	—	97⅞	95⅜	6.19	9.08
[illegible rows]							
10¼pc 1995		101⅞	+⅛	103¼	99⅛	10.08	9.60
Treas 12¾pc 1995		108⅞	—	110⅞	105⅞	11.73	9.57
14pc 1996		112⅛	—	114⅜	110⅛	12.49	9.77
9pc 1992-96		99¼xd	+⅛	100⅜	96⅛	9.07	9.26
15¼pc 1996		116¾	-⅛	118⅜	114⅞	13.06	9.75
Exch 13¼pc 1996		115⅞	+⅛	112⅞	109½	11.96	9.73
Conversion 10pc 1996		101⅞	+⅛	103⅜	99⅞	9.82	9.40
Treas 13¼pc 1997		112⅞	+⅛	114⅞	110⅛	11.78	9.67
Exch 10½pc 1997		103⅞xd	+⅛	105⅞	100⅞	10.12	9.47
Five to Fifteen Years							
Treas 8¾pc 1997		97⅜xd	+⅛	98⅞	94	8.97	9.36
Exch 15pc 1997		120⅞	+⅛	122⅞	118⅜	12.41	9.76
9¾pc 1998		101⅞	+⅛	102⅜	97⅞	9.62	9.43
Treas 6¾pc 1995-98		91⅞	—	93⅜	86⅞	7.40	8.73
15½pc '98		126⅛	+⅛	128⅛	123⅞	12.26	9.85
Exch 12pc 1998		111⅜	+⅛	113¾	107⅞	10.78	9.55
Treas 9½pc 1999		101⅜	+⅛	103⅛	97⅜	9.38	9.22
Exch 12¼pc 1999		113⅜xd	+⅛	115⅜	109½	10.83	9.53

BRITISH FUNDS – Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		106⅞	+⅛	107⅞	101⅞	9.86	9.36
Conversion 10¼pc 1999		104½	+⅛	106⅞	100⅞	9.81	9.36
9pc 2000		98⅞xd	+⅛	100⅞	94⅞	9.09	9.19
Treas 13pc 2000		118⅜	+⅛	121¼	114⅞	10.95	9.59
10pc 2001		104⅛xd	+⅛	106¼	99⅞	9.60	9.27
14pc '98-01		118¼	+⅛	121	116⅞	11.81	9.73
9¾pc 2002		103¼xd	+⅛	105¾	98¼	9.45	9.27
10pc 2003		105½xd	+⅛	107⅞	100⅛	9.47	9.27
Treas 11½pc 2001-04		111½xd	+⅛	113⅞	107⅛	10.31	9.52
Funding 3½pc '99-04		68⅞	+⅛	68⅞	59½	5.24	7.85
Conversion 9½pc 2004		102⅛	+⅛	104⅞	96⅞	9.29	9.12
9½pc 2005		102⅞	+⅛	104⅞	96⅞	9.29	9.10
Treas 12½pc 2003-05		121⅞	+⅛	124¾	116⅜	10.28	9.36
8pc 2002-06		91⅞	+⅛	93	85¼	8.75	9.09
Treas 11¾pc 2003-07		116⅞	+⅛	118⅞	110⅞	10.16	9.36
Treas 8½pc 2007		95⅞	+⅛	97⅛	89⅞	8.87	9.03
13½pc '04-08		129xd	+⅞	132⅛	123⅞	10.47	9.36
Over Fifteen Years							
9pc 2008		100⅛	+⅛	101⅞	93⅞	8.99	8.91
8pc 2009		91⅞xd	+⅛	93⅞	85⅜	8.74	8.90
Conv 9pc Ln 2011		100⅛	+⅛	102⅞	93⅞	8.97	8.96
Treas. 9pc 2012		100⅞	+⅛	102⅜	93⅞	8.96	8.94
9pc 2012 A		70⅞	+⅛	72⅞	66⅛	8.96	8.94
Treas 5½pc 2008-12		69⅞xd	+⅛	70⅞	62⅞	7.92	8.75
7¾pc 2012-15		88⅞	+⅛	89⅞	81⅞	8.74	8.92
Exch 12pc '13-'17		127⅞	+⅛	130⅞	120¼	9.39	9.02
Treas 8¾pc 2017		98⅞xd	+⅛	101	97¼	8.84	8.87
8¾pc 2017 A		40	—	40	40	-	-
Undated							
Consols 4pc		40⅛	+⅛	44⅛	38⅞	9.91	-
War Loan 3½pc		38⅞	+⅛	39⅛	35⅞	9.08	-
Conv 3½pc '61 Aft		52⅞	—	62⅞	58	5.68	-
Treas 3pc '66 Aft		32⅞	—	32⅞	29⅞	9.28	-
Consols 2½pc		27⅛	+⅛	27⅞	24⅞	9.11	-
Treas 2½pc		27¼	—	27¼	24⅞	9.17	-

BRITISH FUNDS – Cont.

Index-Linked	Notes	Price £	+ or -	1992 high	1992 low	Yield (1)	Yield (2)
	(b)						
Treas. 2pc '94	(102.9)	127	—	127⅞	122⅛	2.38	3.92
2pc '96	(67.9)	181⅞xd	—	184⅛	176⅞	3.67	4.36
2½pc '01	(78.3)	144⅛xd	—	148⅞	143	4.38	4.73
2½pc '03	(78.8)	139⅛	—	144⅞	136⅛	4.42	4.71
2pc '06	(69.5)	141⅛	—	147⅛	139⅛	4.42	4.65
2½pc '09	(78.8)	129⅞	-⅛	134¼	126⅛	4.49	4.61
2½pc '11	(74.6)	133⅞xd	—	138⅞	129⅛	4.37	4.57
2½pc '13	(89.2)	110⅛	—	114⅞	108⅛	4.34	4.52
2½pc '16	(81.6)	117⅞	—	121⅞	112⅞	4.31	4.48
2½pc '20	(83.0)	112⅛	—	117⅛	107⅞	4.29	4.44
2½pc '24	(97.7)	92⅛	—	97⅛	88⅞	4.26	4.40
4⅛pc '30	(135.1)	96⅛	—	99¼	94½	4.25	4.37

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5% (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1992: 135.6 and for July 1992: 138.8

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		113⅞	—	115⅞	105⅞	9.82	9.52
Asian Dev 10¼pc 2009		107⅞	+⅛	108⅞	100⅛	9.55	9.35
B'ham 11½pc 2012		111½	+⅛	113½	102⅛	10.31	10.15
Ireland Cap 8½pc '10		90¼	+⅛	90¼	88⅞	9.42	-
9pc Cap 1996		92¼	+⅛	99¼	90	8.78	-
13pc '97-02		106	—	116½	103⅞	12.26	-
Hydro Quebec 15pc 2011		139⅛	-⅛	141⅞	130⅞	10.78	10.24
Leeds 13½pc 2006		124	+⅛	126	116¼	10.89	10.28
Liverpool 3½pc Irred		32½	+⅛	34	30	10.77	-
LCC 3pc '20 Aft		30½	+⅛	31	27	9.84	-
Manchester 11½pc 2007		110¾	+⅛	111¼	103¼	10.38	10.10
Met. Wtr 3pc 'B'		60¼	+⅛	61	53	4.84	8.58
N'wde Anglia 3⅞pc 2021		107¼	+⅛	111¼	103¼	-	5.52
4⅛pc IL 2024		107¼	+⅛	110¼	103¼	-	5.22
Utd Mex States 16½pc 2008		124¼	+⅛	128	121½	13.28	12.89

Much the same as you, no doubt.

Philip Coggan looks at the pound in his pocket and finds that it almost equals two US dollars – which is good news for investors with an eye on that Florida holiday home . . .

Jurek Martin reports from Houston on how George Bush finally took his gloves off and squared up to Bill Clinton *and* Saddam Hussein.

Michael J Woods gets up early in the morning to catch the lions at play in Ngorongoro, while Nicholas Woodsworth stays out late in the searing heat of South Africa's Karoo.

What is the FT getting up to this Weekend?

Jancis Robinson puts the case for mixing and matching bottles to fit your wine budget, and Philippa Davenport cooks up some simple and delicious fish dishes.

Peter Bruce and his wife Anna find out How To Spend It in Madrid's slinky boutiques and trendy tapas bars.

And Michael Hanson finds even millionaires are counting their pennies in London's top-end property market.

Weekend FT
Saturday August 22

ELYSEES MONETAIRE, SICAV
Société d'Investissement à Capital Variable
Siège social : L-2132 Luxembourg
8 Avenue Marie-Thérèse
R.C. Luxembourg B25.791

Messieurs les actionnaires sont convoqués par le présent avis à
l'ASSEMBLEE GENERALE STATUTAIRE
de notre Société qui aura lieu le 1er Septembre 1992 à 10.00 heures au siège social avec l'ordre du jour suivant:

1. Examen du rapport de gestion du Conseil d'Administration, du rapport du Réviseur d'Entreprises agréé, des comptes annuels et de l'affectation des résultats.
2. Décharge aux Administrateurs pour l'exercice de leur mandat.
3. Renouvellement du mandat du Réviseur d'Entreprises agréé pour une année.
4. Nomination des Administrateurs pour un nouveau terme statutaire de trois ans.
5. Questions diverses.

Les actionnaires sont avertis qu'il n'y a pas de quorum pour délibérer valablement et que les résolutions sont prises à la simple majorité des actions présentes ou représentées.
Les détenteurs d'actions au porteur sont priés de déposer leurs titres cinq jours avant l'Assemblée auprès de:
CCF LUXEMBOURG S.A. 8, Avenue Marie-Thérèse L-2132 Luxembourg
Le Conseil d'Administration

Notice to Holders of
Medical Care International, Inc.
6¾% Convertible Subordinated Debentures Due 2006

Notice is hereby given that Medical Care International, Inc. (the "Company") shall merge into and with a newly formed subsidiary of Medical Care America, Inc., a new holding company formed to combine the businesses of the Company and Critical Care America, Inc. ("CCA"), on or about September 9, 1992, subject to approval by the respective stockholders of the Company and CCA at special meetings to be held on that date. It is expected that, as soon as practicable after consummation of the merger, stockholders of record of the Company's Common Stock shall be entitled, upon surrender of the certificates representing such shares to the exchange agent, Society National Bank, to receive in exchange therefor a certificate or certificates representing the same number of shares of the Common Stock of Medical Care America, Inc.

Dated: August 21, 1992

MEDICAL CARE INTERNATIONAL, INC.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs......h	15⅞xd	-⅛	19⅛	14⅝	13,498	2.0
♥Allegheny & W	310p	-7	330p	226p	161.1	5.1
Amdahl	671p	-29	1150p	671p	751.8	0.8
Amer Cyanamid	31¼	-¼	37	26⅝	2,850	2.8
Amer Express	11½xd	-⅛	13⅞	10⅝	8,284	4.7
Amer T & T	22¼xd	-⅛	24⅞	20⅛	28,611	3.1
Ameritech	35⅞	-⅛	38⅝	32½	15,707	5.1
BankAmerica	22¼xd	-⅛	27⅛	19⅛	7,631	3.1
Bankers NY	31¼xd	-⅞	37¼	28⅞	2,631	4.2
Bell Atlantic	25	-⅛	26¼	23⅛	10,782	5.4
BellSouth	26⅛	-⅛	29⅛	25	13,872	5.1
♥Bethlehem Steel	6½xd	—	9⅝	6¼	678.2	—
Bowater	1013pxd	-11	1579p	1013p	360.2	6.2
CPC......h	25½xd	-⅛	26¼	22⅛	3,862	2.5
♥Cadiz Land Inc	128p	—	342p	128p	—	—
Campbell Soup	19⅞xd	-⅛	23⅞	17⅛	4,910	2.1
Chase Manhattan	11⅝xd	-⅞	16½	9⅛	1,634	5.4
Chrysler	10¼xd	-⅛	11½	6¼	3,140	2.9
Citicorp	8⅞xd	-⅛	11¼	5⅞	3,603	—
Colgate-Palm	28¼xd	-⅛	29⅛	25¼	4,576	2.3
Cont'l Bank	877p	-30	1036p	499p	886.2	3.6
Dana	20xd	-⅛	24½	14⅞	985.1	4.2
Data General	408p	-20	1084p	388p	118.4	—
Dun & Brad	28⅞	-⅛	33½	27⅝	5,162	4.1
Eaton	40¼	-⅛	46½	32¼	1,383	2.9
Echlin	9¼xd	—	11	7⅛	521.8	4.0
FPL	19½xd	—	20	16⅛	3,478	6.6
Fluor	21	+⅛	27	19¼	1,703	1.0
Ford Motor	21⅞xd	-⅛	26⅞	15	10,488	2.4
Gen Elect	39⅛xd	-⅛	46¼	36⅞	34,924	3.1
♥General Host	465p	-8	855p	360p	—	4.0
Gillette	28⅛xd	—	29⅞	23⅞	6,224	1.3
Hasbro	16⅞	—	16½	12⅛	1,368	0.7
Honeywell	32⅞xd	—	43	32	2,278	2.6
Houston Inds	22⅞	-⅛	25	22⅝	2,902	6.9
IBM	44⅞xd	-⅞	54½	44⅞	25,594	5.7
Ingersoll-Rand	13⅛xd	—	19⅛	13⅛	1,387	2.7
Lockheed	24⅛	-⅛	26⅞	22⅛	1,532	4.5
Lowe's......h	968p	+22	1273p	815½p	785.8	1.5
Merrill Lynch	26xd	-⅛	39⅞	24⅞	2,876	2.4

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

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INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Diamond and Platinum

Central African

GUIDE TO LONDON SHARE SERVICE

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

London Share Prices
Real time share prices and other stock market information is available through the FT Cityline International telephone service.
Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

Tel: 071 – 379 – 0444.

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[illegible] prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Storebrand Intl Inv Mngrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

101, Cannon St, London EC4N 5AD

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

M & G Securities Ltd

Local Authorities Mutual Invest. Tst.*

2 Fore Street, London EC2Y 5AQ 071-588 1815

INSURANCES

OTHER UK UNIT TRUSTS

Henderson Administration(z)

Life Association of Scotland

113 Dundas St, Edinburgh EH3 5EB 031-550 5000

LAS Investment Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	248 5	261 6	+1.0	-
UK Equity	420 1	442 3	+4.5	-
Property	279 3	294 0		-
Money Market	232 1	244 4		-
Fixed Interest	269 6	283 8	-1 2	-
Japan	206 4	217 3	+4 8	-
North America	115 5	121 6	-0 9	-
International	192 0	202.2	+0 5	-
European	184 9	194 7	-0.2	-
Far East	71.3	75 1	+0 4	-

NEL Britannia Assce Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Barings Equity Income	85 9	90 4	-0.2	-
Barings European Growth	104.2	109 7	-0 1	-
Barings German Growth	94 4	99 4		-
Barings Japan Growth	71 0	74 7	+0 8	-
Barings UK Smllr Cos.	81 8	86 1		-
Fidelity 1992 Euro Opps.	97 7	102 8	-0 2	-
Fidelity American	110.5	116.3	+0.3	-
Fidelity Amer Sp Sits	119.5	125 8	-0 7	-
Fidelity Asian	109 0	114 7	+0.4	-
Fidelity European	87 0	91 6	-0 5	-
Fidelity Euro Inc.	97 1	102 2	-0 1	-
Fidelity Famous Names	105.4	110 9	-0 2	-

Continued on next page

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Pearl Assurance (Unit Funds) Ltd
Lynch Wood Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or -	Yield Gross
Property Dist. (Gross)	136.1	143.2	--	-
Property Acc (Gross)	259.3	272.9		-
Equity (Gross)	810.3	853.0	+2.2	-
Managed (Gross)	577.1	607.5	+1.5	-
Property Acc (Net)	123.9	130.4	+0.1	-
Equity (Net)	189.2	199.2	+0.5	-
Adventurous Managed	87.3	91.9	-0.1	-
Managed (Net)	178.3	187.7	+0.4	-
Cautious Managed	96.1	101.2	-0.1	-
International (Net)	150.2	158.1	+1.0	-
Gilt & Fixed Interest	142.0	149.5		-
Money Fund	141.1	148.6	+0.1	-
Mixed Fund (Cap)	108.7	114.5	-	-
Mixed Fund (Acc)	113.3	119.3	-	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret. Man (Series 1)	624.0	656.9	+2.1	-
Ret Man (Series 2)	211.6	222.8	+0.7	-
Ret Cash	199.7	210.2	..	-
Pens Mixed Fd (Cap)	119.0	125.3	----	-
Pens Mixed Fd (Acc)	124.1	130.7	----	-
Pens Stlg Fd (Cap)	104.4	109.9		-
Pens Stlg Fd (Acc)	108.8	114.6		-

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	121.0	128.0	-1.0	-
Building Soc. Fd	225.0	237.0	-	-
Balanced	251.0	265.0		-
European	198.0	209.0		-
GT Managed	171.0	180.0	-2.0	-
Gartmore Mngd	115.0	122.0		-
German	124.0	131.0		-
Gilt	168.0	177.0		-
Global	35.0	37.0		-
International Equity	179.0	189.0	-1.0	-
Japan	132.0	139.0	+4.0	-
Leisure	47.0	50.0	-	-
Managed	40.0	43.0		-
Property	300.0	316.0		-
UK Equity	228.0	240.0		-
Pension Funds				
American	235.0	248.0	-2.0	-
Building Soc. Fd	242.0	255.0		-
Balanced	211.0	223.0		-
European	218.0	230.0		-
German	123.0	130.0		-
Gilt	161.0	170.0		-
Global	33.0	35.0	-1.0	-
International Equity	163.0	172.0	-1.0	-

Provident Mutual Life Assc. Assn. —Contd.

Pension Funds	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	439.0	462.1	+0.7	-
Managed Init	318.8	335.6	+0.4	-
Equity Ord	670.3	705.6	+2	-
Equity Init	486.8	512.4	+1.3	-
Pen Ind Lkd Gilt Ord	184.8	194.5	-0.1	-
Pen Ind Lkd Gilt Init	140.1	147.5	-0.2	-
Overseas Equity Ord	268.7	282.8	-0.4	-
Overseas Equity Init	195.1	205.4	-0.3	-
Property Ord	281.7	296.5		-
Property Init	204.6	215.4		-
Fixed Interest Ord	293.4	308.8	+0.4	-
Fixed Interest Init	213.1	224.3	+0.2	-
Deposit Ord	272.2	286.5	...	-
Deposit Init	197.7	208.1	-	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

Prulund	Bid Price	Offer Price	+ or -	Yield Gross
Managed Aug 19	241.7	251.8		-

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

Prudential Managed Funds	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Aug 12	£173.67	179.16	+1.48	-
Equity Aug 12	£198.25	205.03	+3.26	-
International Aug 12	£24.29	24.95	-0.30	-
Intl Bond Aug 12	£14.26	14.44	-0.02	-
Fixed Int Aug 12	£106.15	107.35	+0.79	-
Index Linked Aug 12	£75.48	76.44	-0.12	-
Property Aug 12	£110.22	116.28	+0.05	-
Cash Aug 12	£31.2185	31.2185	+0.0548	-
Pru-Linked Retirement Plan				
Managed Aug 11	417.6	435.0	+5.3	-
Cash Aug 11	286.4	298.4	+0.5	-
Prudential Pensions Investment Account				
Pens Mngd Aug 20	167.8	180.2		-
Pens UK Eq Aug 20	294.4	317.3	-	-
Pens Intl Aug 20	177.5	190.4		-
Pens Global Eqty Aug 20	92.3	97.2		-
Pens Fixed Aug 20	241.1	254.5	...	-
Pens Index Lk Aug 20	192.4	203.2		-
Pens Property Aug 20	89.9	94.7		-
Pens Cash Aug 20	186.6	196.8		-
Money Purchase Plan				
Discretionary Aug 20	93.0	99.8	+0.1	-
Equity Aug 20	96.7	103.9	+0.1	-
International Aug 20	77.8	83.1	-0.3	-
Global Equity Aug 20	90.7	97.4		-
Intl Bond Aug 20	97.0	102.2	+0.8	-
Fixed Interest Aug 20	112.0	117.8		-

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

Sun Alliance Group

Windsor Life Assur Co Ltd

Royal Life Intl. Ltd—Contd.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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GUERNSEY (REGULATED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

IRELAND

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pressure on dollar and sterling

DEALERS in the City of London said that both the dollar and sterling were on the verge of a crisis yesterday, as the D-Mark pushed both currencies towards important new lows, *writes James Blitz*.

The dollar almost touched its all-time low of DM1.4430 in late US trading, as dealers wondered when the Federal Reserve might intervene to support the currency. The Fed may have waited to see what impact President George Bush's speech at the Republican convention would have on the currency markets. But there is not much room for the Fed to manoeuvre in: the dollar risks going into a free-fall if it breaches the historic low.

Dollar/D-Mark trading was not affected by economic indicators yesterday. The slight fall in July's M3 monetary growth in Germany, down from an annualised 8.7 per cent to 8.6 per cent, was interpreted as a positive number by some analysts, since it does not yet reflect the recent 0.75 percentage point rise in the Bundesbank's discount rate. But the figure is clearly outside the Bank's target range of 3.5-5.5 per cent of annual M3 growth, keeping a firm bottom to the Lombard rate.

Instead, the US currency dollar fell victim to a creeping sentiment in favour of the D-Mark that was felt across the major crosses. The dollar closed at DM1.4480 against the D-Mark in Europe while sterling closed at DM2.8070, its lowest finish since Britain joined the ERM in October 1990. The French franc closed down at FFr3.3970 from FFr3.3960, and the lira at L761.0 from L759.6

If central banks were refraining from intervention yesterday, it was because they have to wait for the dollar to fall to a point at which the operation will work. Trading in both the dollar and sterling was still thin yesterday and the markets are still not short of either currency – both key requirements if the market is to turn.

However, Mr Avinash Persaud, a currency economist at UBS Phillips and Drew in London, said that sterling "could be in the throes of a crisis that is more fundamental than the dollar's." In his view, the pound's problem is that it is being buffeted by external factors, namely the weakness of the dollar and of the UK economy. He believes that it is increasingly difficult for the UK government to support the currency at these levels.

The pound's intrinsic weakness was underlined when it crossed 75 percentage points of divergence against its central ecu rate. When the ERM was formed in 1979, there was a presumption that when a currency crossed this point its central bank should support it either through intervention or raising interest rates. The rule has not been adhered to since 1985, but dealers see it as a turning point for a currency.

£ IN NEW YORK

Aug.20	Latest	Previous Close
£ Spot	1.9400-1.9410	1.9345-1.9355
1 month	1.09-1.07pm	1.09-1.07pm
3 months	3.26-3.23pm	3.33-3.30pm
12 months	12.0-11.9pm	12.0-11.9pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.20	Previous
8.30 am	91.9	91.8
9.00 am	91.9	91.8
10.00 am	91.9	91.8
11.00 am	91.9	91.8
Noon	92.0	91.8
1.00 pm	91.9	91.8
2.00 pm	91.8	91.8
3.00 pm	91.8	91.8
4.00 pm	91.8	91.9

CURRENCY MOVEMENTS

Aug 20	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.8	-20.2
U.S Dollar	59.8	-18.7
Canadian Dollar	98.2	-3.5
Austrian Schilling	111.7	+13.2
Belgian Franc	113.7	-0.6
Danish Krone	111.8	+6.3
D-Mark	122.0	+27.6
Swiss Franc	111.0	+18.2
Dutch Guilder	116.9	+17.9
French Franc	106.3	-10.8
Lira	100.0	-19.3
Yen	136.8	+73.9
Peseta	108.2	-17.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Aug.19

CURRENCY RATES

Aug 20	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.753252	0.723002
U.S Dollar	3.00	1.45227	1.40009
Canadian $	5.50	1.73924	1.66793
[illegible]	[illegible]	[illegible]	[illegible]

* Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug.19

OTHER CURRENCIES

Aug 20	£	$
[illegible]	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	2757.00*	1436.00*
Korea(Sth)	1516.20 - 1540.65	787.60 - 793.80
Kuwait	0.56800 - 0.56900	0.29360 - 0.29390
Luxembourg	57.80 - 57.90	29.80 - 29.90
Malaysia	4.8245 - 4.8370	2.4975 - 2.4985
Mexico	5804.10 - 5816.80	3080.50 - 3081.50
N.Zealand	3.5800 - 3.5845	1.8505 - 1.8530
Saudi Ar	7.2145 - 7.2915	3.7495 - 3.7505
Singapore	[illegible]	1.6090 - 1.6100
S.Af (Cm)	5.3495 - 5.3620	2.7665 - 2.7685
S.Af (Fn)	7.1915 - 7.2320	3.7175 - 3.7385
Taiwan	[illegible]	25.15 - 25.25
U.A.E.	7.1040 - 7.1415	3.6715 - 3.6735

*Floating rate. Iran Official rate: £121.35 $63.25

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.633	-2.24	6.13	38
Belgian Franc	42.4032	41.8873	-1.22	5.02	39
D-Mark	2.05586	2.03364	-1.08	4.88	43
Dutch Guilder	2.31643	2.29237	-1.04	4.83	31
Portuguese Escudo	178.735	177.238	-0.84	4.62	12
Irish Punt	0.767417	0.765838	-0.24	4.00	-7
Danish Krone	7.84195	7.85173	0.12	3.63	-14
French Franc	6.89509	6.90316	0.12	3.62	-30
Italian Lira	1538.24	1545.84	0.49	3.23	-35
Sterling	0.696904	0.723002	3.74	0.00	-73

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

Aug 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar [illegible]. 12 Month 11.90-11.80pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Aug 20	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug 20	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.939	2.807	244.7	9.535	2.502	3.166	2136	2.309	57.85	180.5	1.381
$	0.516	1	1.448	126.2	4.917	1.290	1.632	1102	1.191	29.83	93.09	0.712
DM	0.356	0.691	1	87.17	3.397	0.891	1.128	761.0	0.823	20.61	64.30	0.492
YEN	4.087	7.924	11.47	1000.	38.97	10.22	12.93	8729	9.436	236.4	737.6	5.644
F Fr.	1.049	2.034	2.944	256.6	10.	2.624	3.319	2240	2.422	60.67	189.3	1.448
S Fr.	0.400	0.775	1.122	97.80	3.811	1	1.265	853.7	0.923	23.12	72.14	0.552
H Fl.	0.316	0.613	0.887	77.31	3.013	0.791	1	674.9	0.730	18.28	57.03	0.436
Lira	0.468	0.908	1.314	114.6	4.464	1.171	1.482	1000.	1.081	27.08	84.50	0.647
C $	0.433	0.840	1.216	106.0	4.129	1.084	1.371	925.1	1	25.05	78.17	0.598
B Fr.	1.729	3.352	4.852	423.0	16.48	4.325	5.471	3692	3.991	100	312.0	2.387
Pta	0.554	1.074	1.555	135.6	5.283	1.386	1.753	1183	1.279	32.05	100	0.765
Ecu	0.724	1.404	2.033	177.2	6.904	1.812	2.292	1547	1.672	41.89	130.7	1

Yen per 1,000: French Fr per 10: Lira per 1,000 Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
104	-	-	-	0.05	0.72	0.82
105	-	1.92	-	0.11	1.05	-
106	0.65	1.32	-	0.38	1.44	-
107	0.11	0.92	1.34	1.30	1.98	-
108	0.03	0.55	-	-	-	-
Open Int.	154,797	229,715	21,965	114,527	108,043	12,080

Estimated volume 59,850 / Total Open Interest 642,447

† All Yield & Open interest figures are for the previous day.

* Contracts traded on APT Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9390	1.9282	1.9067	1.8754	1.8205

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Futures rally

Short-dated sterling futures rallied yesterday morning after the Bundesbank failed to change the emergency Lombard rate at its council meeting, and the figure for July's M3 money supply came in at 8.6 per cent.

But, as has happened severaltimes this week, the mood of futures dealers did an about-turn in the afternoon. Futures contracts dipped back to their opening levels, as the dollar fell at the start of foreign exchange trading in the US, and sterling declined with it.

UK clearing bank base lending rate
10 per cent
from May 5, 1992

The September short sterling contract jumped 6 basis points from its opening level of 89.66 after the Bundesbank signalled no change in rates at its fortnightly meeting.

One commercial bank dealer also interpreted the M3 money supply figure as positive. He noted that the figure was 0.1 per cent lower than the previous month's monetary growth. This was particularly good, he said, since the effects of the recent 0.75 percentage point rise in the discount rate have not yet worked through the German banking system.

In the afternoon, futures prices fell as the pound sank to DM2.8070, its lowest point since Britain joined the ERM. The September contract closed down 1 basis points at 89.64, and the December contract closed down 4 basis points at 89.64. Some dealers felt that these were probably the bottom levels for the front-month contracts unless a rise in UK base rates looks imminent.

Trade in the sterling cash market was thin. As often happens on a Thursday, dealers took most of the day to take out the shortage forecast by the Bank of England. This is because traders like to offer large numbers of bills to the Bank of England on a Friday when they can push the overnight rate down as far as possible for the weekend.

In the morning, the Bank of England forecast a shortage of £1.05bn. In early operations, the Bank bought £31m of Band 1 Treasury bills and £20m of Band 1 bank bills at 9⅝ per cent. The forecast was later revised to £1bn and the bank bought £36m in Band 1 bank bills, and £91m in a repurchase agreement at 9⅞ per cent. The Bank then bought £14m in Band 1 Treasury bills, £694m in Band 1 Bank bills, £2m in Band 2 Treasury Bills and £1m in band 2 bank bills. There was late assistance of £120m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.20) 3 months US dollars		6 months US Dollars	
bid 3⅜	offer 3½	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime

Prime rate	6	One month	2.97	Three year	4.55
Broker loan rate	5¼	Two month	3.19	Five year	5.42
Fed funds	3¼	Three month	3.16	Seven year	5.99
Fed funds at intervention	-	Six month	3.25	10-year	6.49
		One year	3.37	30-year	7.34
		Two year	4.03		

Aug 20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.70-9.80	9.75-9.85	9.75-9.85	9.80-9.90	9.80-9.90	9.75
Paris	9⅞-10⅛	9⅞-10⅛	10⅛-10⅜	10¼-10½	10⅜-10⅝	9.60
Zurich	7¼-7½	7¾-8¼	-	8¼-8½	-	-
Amsterdam	9.68-9.75	9.58-9.66	-	9.50-9.66	-	-
Tokyo	4⅛-4¼	4⅛-4¼	-	-	-	-
Milan	14⅞-15¼	15⅛-15⅝	-	15⅛-15⅜	-	-
Brussels	9⅞-9⅞	9⅝-9⅞	-	9½-9¾	-	-
Dublin	9⅞-10	10¼-10½	10¼-10½	10⅜-10⅝	10⅜-10⅝	-

LONDON MONEY RATES

Aug 20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	9⅞	10⅛	10⅜	10⅜	10⅜
Interbank Bid	9½	9⅞	9⅞	10⅛	10¼	10¼
Sterling CDs	-	-	9⅞	10⅛	10⅜	10⅜
Local Authority Deps.	9⅝	9⅝	9⅞	10⅛	10⅜	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅛	9⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10⅛	10⅜	10¼	10¼
Treasury Bills (Buy)	-	-	9⅞	9⅞	9⅝	-
Bank Bills (Buy)	-	-	9⅞	9⅞	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.28	3.28	3.32	3.43
SDR Linked Dep. Offer	-	-	6¼	6⅜	6¼	6⅜
SDR Linked Dep. Bid	-	-	5⅞	6⅛	6⅛	6⅛
ECU Linked Dep Offer	-	-	10⅜	10⅜	10⅜	10⅜
ECU Linked Dep Bid	-	-	10⅛	10⅛	10⅛	10⅛

Treasury Bills (sell); one-month 9⅞ per cent; three months 9⅞ per cent; six months 9⅝ per cent; Bank Bills (sell); one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills; Average tender rate of discount [illegible] p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1992. Agreed rates for period Aug 26, 1992 to September 22, 1992, Scheme I: 11.27 p.c., Schemes II & III: 11.46 p.c. Reference rate for period July 1, 1992 to July 31, 1992, Scheme IV&V: 10.188 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from August 1, 1992. Bank Deposit Rates for sums at seven days notice [illegible] per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-twelve months [illegible] per cent; Under £100,000 [illegible] per cent from May 6, 1992. Deposits withdrawn for cash [illegible] per cent.

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MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

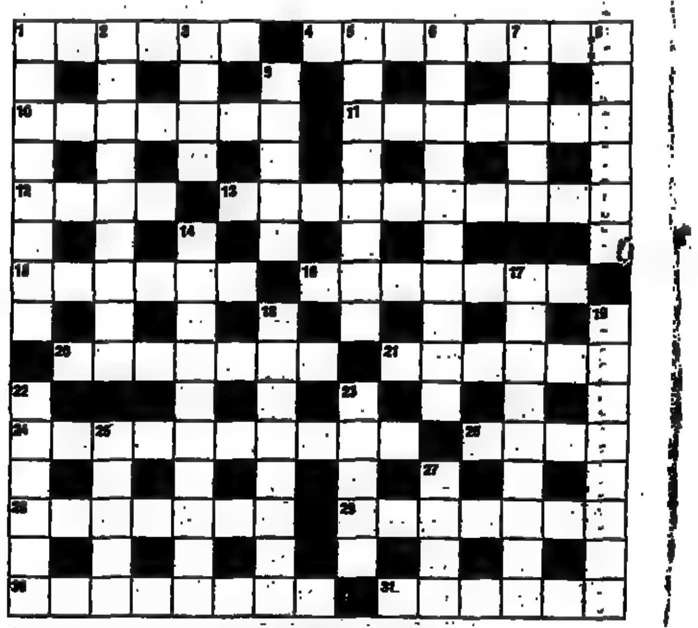
[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

Not owning a Pelikan is a cause for great sorrow,
So WIN one with the Weekend FT Crossword tomorrow
Pelikan

CROSSWORD

No.7,931 Set by CINEPHILE



P has the same meaning wherever it occurs in the clues

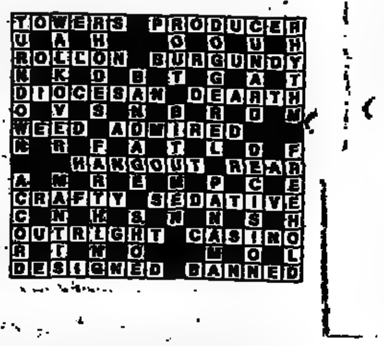
ACROSS

1 Make a portrait of French and Scots forebear (6)
4 Give new markings to Jonathan for example (3,5)
10 The Judgment will go on till closing time (4,3)
11 Giants at business with deficit at first (7)
12 See 25
13 P's call: see next page for lightweight (10)
15 P full of holes (6)
16 A centre disposed to perform once more (2-5)
20 Second left in introduction of P (7)
21 Meeting with those one can't see or can see? (6)
24 Cut out what one ought to do with tax (6,4)
26 Marriage of king not a P? (4)
28 It's fallen and frozen, maybe in Cowes (4,3)
29 P for a pair of beasts (7)
30 Poet and painter, and tortoises? O no! (8)
31 God or some other messenger (6)

DOWN

1 Was first up, gaining conscious state (8)
2 After additional statement he brought letters on horseback (9)
3 P, used on letters about poem (4)
5 Make a P from prince: he may be wrong (8)
6 Versatile person finds the universe more spherical (3-7)
7 P before painter? (5)
8 P with variations (6)
9 Herb whose opening comes under compiler's rights (5)
14 It shows what people want – non-U cookie in chopped peel (10)
17 Religious person swallowed by fish – peculiar P (9)
18 Tie not obtained from live coals? (4-4)
19 French coins with new head for the easiest table (3,5)
22 P for Easter? (6)
23 Punishment for reversal of roles (5)
25, 12 P uncharacteristic of Darby and Joan (9)
27 P for prison (4)

Solution to Puzzle No.7,930



هكذا من الأصل

WORLD STOCK MARKETS

CANADA

TORONTO

3.00 pm prices August 20

Quotations in cents unless marked $

MONTREAL

3:00 pm prices August 20

Total Sales 9,873,200 shares

INDICES

NEW YORK

DOW JONES	Aug 19	Aug 18	Aug 17	Aug 14	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3307.06	3329.48	3324.89	3328.94	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.35	102.47	102.33	102.43	102.47 (18/8)	98.41 (20/3)	102.47 (18/8/92)	54.99 (1/10/81)
Transport	1258.05	1267.63	1272.42	1257.28	1467.68 (20/2)	1244.06 (13/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.21	220.21	218.89	219.33	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3347.58 (3343.80) Low 3302.46 (3309.22)

STANDARD AND POOR'S

	Aug 19	Aug 18	Aug 17	Aug 14	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	418.19	421.34	420.74	419.91	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	491.37	494.57	493.56	492.80	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	35.45	36.18	36.38	36.43	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	230.41	231.90	231.60	231.06	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	385.89	386.03	386.94	386.82	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	567.61	570.87	572.47	573.18	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Aug 14	Aug 7	Jul 31	year ago (approx.)
Dow Industrial Div. Yield	3.11	3.12	3.07	3.08
	Aug 12	**Aug 5**	**Jul 29**	**year ago (approx.)**
S & P Industrial div. yield	2.62	2.59	2.59	2.70
S & P Ind. P/E ratio	29.00	29.34	29.31	21.31

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Citicorp	4,840,700	16¼	- 1⅛
Syntex-Ox	4,319,600	12½	---
Chase Manhattan	2,783,600	22¾	- 1⅜
RJR Nabisco	2,427,600	8⅜	- ⅛
Berlitz	2,243,900	23½	+ 2
Syntex	2,179,400	29⅝	- 1⅛
Chemical Bank	2,133,300	32¼	- 1⅞
K Mart	1,934,000	23½	- ⅜
NationsBank	1,925,200	45⅞	- 1⅛
Hewlett Packard	1,867,700	57⅝	- ⅝

TRADING ACTIVITY

† Volume Millions	Aug 19	Aug 18	Aug 17
New York SE	186.710	167.680	152.750
Amex	22.141	13.451	12.877
NASDAQ	156.143	140.342	132.562
NYSE			
Issues Traded	2,326	2,360	2,333
Rises	591	921	967
Falls	1,137	793	765
Unchanged	598	646	601
New Highs	60	89	91
New Lows	27	33	15

CANADA

TORONTO	Aug 19	Aug 18	Aug 17	Aug 14	1992 HIGH	1992 LOW
Metals & Minerals	2981.34	2990.72	3007.99	2973.02	3238.87 (16/1)	2828.26 (8/4)
Composite	3385.52	3377.80	3379.78	3368.47	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1778.93	1771.56	1768.96	1762.72	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 20	Aug 19	Aug 18	Aug 17	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1553.6	1561.6	1566.0	1559.0	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	670.9	673.3	673.2	671.0	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	312.85	308.66	307.37	310.03	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	745.70	732.18	727.38	733.51	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1102.99	1098.72	1092.74	(c)	1235.48 (2/6)	1090.26 (13/8)
DENMARK						
Copenhagen SE (3/1/83)	289.97	292.85	296.09	297.48	365.29 (15/1)	289.97 (20/8)
FINLAND						
HEX General (28/12/90)	634.3	648.7	650.5	655.1	935.90 (24/2)	634.30 (20/8)
FRANCE						
CAC General (31/12/82)	478.02	476.53	477.15	482.22	555.93 (12/5)	472.49 (14/8)
CAC 40 (31/12/87)	1724.18	1734.21	1736.72	1757.31	2077.49 (11/5)	1722.36 (13/8)
GERMANY						
FAZ Aktien (31/12/58)	602.40	606.38	606.58	615.23	725.26 (26/5)	602.40 (20/8)
Commerzbank (1/12/53)	1702.40	1713.9	1714.4	1739.40	2043.80 (25/5)	1702.40 (20/8)
DAX (30/12/87)	1513.06	1524.72	1533.22	1555.42	1811.57 (25/5)	1513.06 (20/8)
HONG KONG						
Hang Seng Bank (31/7/64)	5481.61	5620.44	5675.16	5667.85	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1250.61	1245.65	1245.46	1248.92	1469.57 (17/1)	1230.25 (12/8)
ITALY						
Banca Com. Ital. (1972)	404.90	401.18	400.77	403.43	551.59 (6/2)	393.70 (14/8)
MIB General (2/1/92)	795.0	788.0	787.0	792.0	1086.00 (5/2)	773.00 (14/8)
JAPAN						
Nikkei (16/5/49)	15267.76	14850.74	14309.41	14929.55	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1163.77	1117.12	1102.50	1132.51	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1533.81	1502.77	1515.46	1528.16	2459.85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	564.21	560.01	556.24	568.25	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	286.1	286.5	285.9	288.3	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	195.4	195.7	195.2	196.9	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	576.24	597.97	612.09	621.19	772.74 (18/5)	576.24 (20/8)
PHILIPPINES						
Manila Comp (2/1/85)	1498.57	1517.34	1523.68	1519.85	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	357.58	354.15	354.93	361.34	416.99 (21/1)	354.15 (19/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	938.06	958.0	942.0	964.0	1327.00 (21/1)	936.00 (14/8)
JSE Industrial (28/9/78)	4031.06	4009.0	3983.0	4003.0	4689.00 (4/6)	3973.00 (14/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	467.78	479.09	464.95	462.13	691.48 (8/2)	462.13 (17/8)
SPAIN						
Madrid SE (30/12/85)	208.69	208.27	208.66	209.08	266.51 (28/2)	205.49 (13/8)
SWEDEN						
Affarsvariden Gen. (1/2/37)	791.10	797.40	808.30	820.70	1014.50 (11/5)	791.10 (20/8)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	820.2	828.9	833.9	841.8	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	612.8	618.7	622.8	628.9	682.30 (11/5)	602.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	3733.06	3733.93	3772.91	3784.48	5391.63 (30/1)	3733.06 (20/8)
THAILAND						
Bangok SET (30/4/75)	758.40	757.72	749.03	746.35	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	484.9*	481.1	481.6	485.5	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	819.79	822.30	822.49	832.16	976.55 (25/5)	818.08 (13/8)

**Saturday August 15: Taiwan Weighted Price: 3926.38, Korea Comp Ex. (c)
Δ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, August 20, 1992

	Stocks Traded	Closing Prices	Change on day
Nippon Jutaki	13.8m	241	+50
Okamoto Inds	5.0m	875	+48
Daikyo Kanko	4.8m	640	+80
Jpn Mtl & Chem	4.0m	487	+57
Meiji Milk Prod	3.5m	809	+33
Npn Steel Corp	3.1m	243	+8
Tokio M&F Ins	2.7m	1,090	+40
Mochida Pharm	2.7m	2,630	+140
Chiyoda Corp	2.5m	1,480	+100
Nomura Sec	2.4m	1,280	+110

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FINANCIAL TIMES

LONDON PARIS FRANKFURT NEW YORK TOKYO

3:00 pm prices August 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp	0.48	3.8	20	48	12⅞	12½	12⅞	
26	18	A L Labs A	0.18	0.9	73	280	20⅝	19½	20⅝	+1⅛
66¾	52⅝	AMP Inc	1.52	2.8	21	1013	53⅞	53½	53⅞	+⅛
80¼	56	AMR				208929	57¼	56¼	56¼	−½
2⅛	1⅛	ARX			2	65	1¼	1¼	1¼	+⅛
53½	35⅝	ASA x	2.00	5.6	23	209	36⅛	35¾	35⅞	−¼
34¼	26½	Abbott Lab	0.60	2.0	22	3105	30⅞	30½	30⅝	−⅛
13⅞	12	Abitibi Pr	0.50	4.0	6	16	12⅝	12⅜	12⅜	
11⅝	10¼	ACM Gvt In	1.08	9.5		380	11⅜	11¼	11⅜	+⅛
10⅝	9⅝	ACM GvOpp x	0.92	9.4		46	9⅞	9¾	9¾	−⅛
9½	8½	ACM Gvt Sp	0.82	8.7		175	9⅜	9¼	9⅜	+⅛
11⅛	10⅛	ACM Gvt Se	0.96	8.7		317	11⅛	11	11	−⅛
10¼	8⅝	ACM Man x	0.98	9.6		124	u10¼	10⅛	10¼	
12⅞	10½	ACM Mmgd x	0.99	9.3		149	10⅝	d10½	10⅝	+⅛
11⅛	4¾	Acme Cleve	0.40	5.8	13	70	7	6⅞	6⅞	
6¼	4⅜	Acme Elect			38	7	5	5	5	+⅛
33¼	17⅝	Acuson			11	337	17⅞	d17⅝	17⅞	+⅛
18½	18⅛	Adams Expr x	0.46	2.5	0	59	19	18⅞	19	
49⅛	29½	Ad Micro	3.00	8.4		17	36	35⅞	35⅞	
21½	7½	Ad Micro P	3.00	34.3		31443	8⅞	8¾	8¾	−⅛
9⅛	5	Advest Grp	0.16	3.1	73	26	5⅛	5⅛	5⅛	−⅛
37¾	33	Aegon ADR	1.66	4.5	7	2100	37⅛	37⅛	37⅛	
47	38⅞	Aetna Li	2.76	6.8	10	2755	41⅛	40½	40⅞	+½
12¾	8⅛	Ahli A x	0.24	2.1	14	302	11¾	11½	11⅝	
34	24	Aflac x	0.44	1.4	15	251	32½	32⅜	32½	+⅛
19⅜	15⅛	Ahmanson	0.88	5.6	7	1321	15¾	15½	15¾	+¼
22½	5⅝	Aileen Inc			5	69	6⅛	5⅞	6⅛	+⅛
49½	36½	Air Pr Chm	0.86	2.0	18	878	43	42½	42½	
29¾	12⅛	Airbos Frt x	0.30	2.4	24	239	12⅝	d12½	12⅝	
34¼	22⅝	Airgas Inc			26	127	32	31¾	31¾	−⅛

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
33⅞	24⅞	Xtra 1.84 x	1.94	5.8		79	u33⅞	33⅜	33⅜	-⅛
46⅞	28½	Xtra Corp x	0.80	1.8	13	865	u45⅞	44⅞	45⅝	-⅝
29½	25¼	Yankee Egy	1.65	5.7	13	13	29⅛	29⅛	29⅛	-⅛
1½	⅛	Zapata			25	149	1⅛	1	1	-⅛
11⅞	6⅝	ZenithElec			4	215	6⅝	6½	6⅝	
18½	14½	Zenith Nat	1.00	5.8	8	44	17⅞	17⅞	18	
7½	6	Zemex Inc x	0.82	11.1		67	7⅜	7⅜	7⅜	+⅛
13¾	10	Zero Corp	0.40	3.3	19	45	12¼	12⅛	12⅛	-⅛
35	27¾	Zurn Ind	0.88	2.8	35	345	31⅞	31¼	31⅞	+⅛
14⅛	12	Zweig Fund	1.12	8.5		88	13¼	13	13¼	
11	9½	Zweig Totl x	0.96	9.8		688	10½	10⅜	10⅜	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 20

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Perini	0.80	21	7	11½	d11¼	11½	+⅛
Pet HK&P	1.14	13	80	16	16	16⅛	
Phil LD	0.21	16	300	40⅝	40	40	-⅛
Pittway A	1.10	18	88	31⅞	30¾	30¾	-⅛
Ply Gem x	0.12	22	24	10¼	10⅛	10⅛	+⅛
PMC	0.88	15	2	10¼	10⅛	10¼	
PresidioA	0.10	1	z100	1⅝	d1⅝	1⅝	
Brascan A	0.86	25	6	15⅞	16	16	-⅛
BSN Corp	0.18	10	31	6⅛	6⅛	6⅛	
Cal Engy		14	345	11⅞	11⅞	11⅞	-⅛
Calprop		0	3	1⅛	1⅛	1⅛	
Can Marc	0.25	9	z100	13⅞	13⅞	13⅞	
Chambrs A		9	539	7⅛	7⅛	7⅛	-⅛
Chambers		10	2	7⅞	7⅞	7⅞	-⅛
Champion		38	89	3⅛	3⅛	3⅛	
Chiles		0	86	1	1	1	
Giant FdA	0.68	15	535	20⅞	20⅛	20⅛	
Glatfltr	1.40	15	127	23½	23¼	23⅜	+⅛
Goldfield		2	34	⅞	⅞	⅞	+⅛
Greenman		6	5	5⅛	5⅛	5⅛	-⅛
Gulf Cda	0.34	5	65	4⅛	4⅛	4⅛	
Hasbro	0.20	19	894	30⅞	30⅛	30⅞	+⅛
Health Ch		6	6	1⅞	1⅞	1½	
Healthvst		6	101	2	1⅞	2	+⅛
Heico Cp	0.15	17	165	13	12⅞	13	+⅛
Hilthaven		3	289	2½	2⅛	2½	
Nat Patnt		2	691	3⅛	3⅛	3⅛	
New Line		20	75	11	d10⅝	11	+⅛
NY TimesA	0.56	33	677	28⅞	27⅞	28⅞	+⅛
NthCanOil	0.17	86	15	13	13	13	+⅛
Numac Oil		2	20	4⅛	4	4	
NV Ryan		0	467	⅝	⅝	⅝	-⅛
Odetics A		32	2	5⅛	d5⅛	5⅛	
Oilsten x	0.32	27	66	29⅞	29¼	29⅞	-⅛
OMI Corp	0.14	7	20	0	d0	6⅝	
Pall Corp	0.36	27	231	26½	26	26⅛	+⅛
Pegasus G	0.10	33	331	15⅛	14⅞	15	+⅛
Vivigen		48	86	13	12⅞	13	
WangLab C		0	41	1⅞	1½	1⅝	+⅛
WangLab B		0	42180	⅝	⅝	⅝	+⅛
Weatherfd		17	1330	u6½	6⅛	6⅛	-⅛
Weslamor	0.62	9	22	19⅝	19⅝	19½	
WIRET	1.12	17	22	12⅞	12⅛	12⅞	
Worthen	0.10	9	463	21½	21	21⅛	-⅛
Xytronix		5	172	8	7⅛	7⅛	+⅛

NASDAQ NATIONAL MARKET

3:00 pm prices August 20

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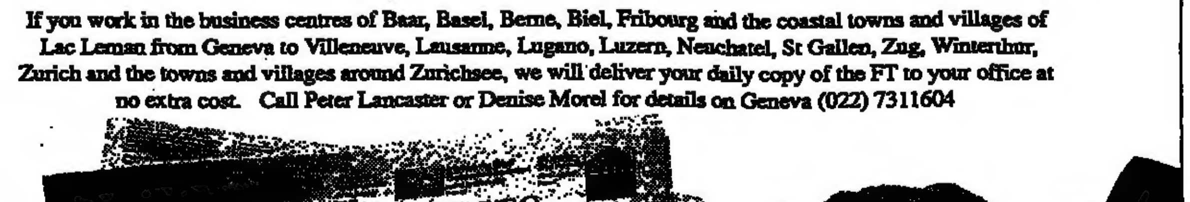

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

AMERICA

Short-lived bank rally leaves Dow depressed

Wall Street

US STOCK markets remained depressed after an early rally in bank stocks fizzled out, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 5.41 at 3,301.65. The more broadly based Standard & Poor's 500 was also lower at midsession, down 0.21 at 417.98, while the Amex composite was down 0.34 at 385.55 and the Nasdaq composite 0.55 lower at 567.05. NYSE turnover was 112m shares by 1 pm.

Wednesday's late decline was caused by a flurry of selling in the banking sector, where a variety of rumours, all of them unconfirmed, had depressed sentiment. When trading opened, analysts expected banks to recover the ground lost on Wednesday.

Although bank stocks posted early gains, they did not wipe out all the damage inflicted the afternoon before. The failure of the sector to stage a more substantial recovery dragged prices down across the board.

Citicorp, the biggest loser on Wednesday, rose early on, then fell back, then rose again to stand $⅝ higher at $17¼. Chemical, which moved in similar fashion, was up $⅝ at $33⅞. BankAmerica firmed $¾ to $43⅞, and JP Morgan put on just $⅛ at $59⅞. The best performer was Chase Manhattan, which rose $1¼ to $23⅞, but the gain was still insufficient to cancel out the previous day's losses.

Bristol Myers Squibb fell $2¼ to $66⅞ in turnover of 1.7m shares after the broker, Smith Barney, cut its rating from "hold" to "underperform" and reduced its third quarter earnings forecast from $1.17 a share to $1.13 a share.

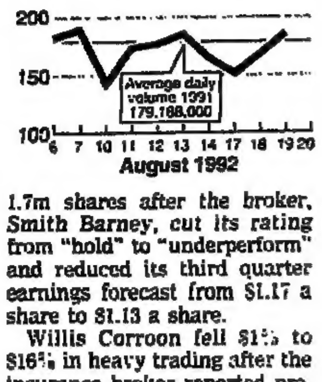
Willis Corroon fell $1½ to $16⅞ in heavy trading after the insurance broker reported pre-tax profits of $54.1m in the first half of 1992, down 22 per cent from a year ago.

RJR Nabisco fell $½ to $8½ after the second analyst in two days, this time from Robinson Humphrey, lowered his rating on the stock because of pressure on tobacco margins.

Fisher-Price fell $1 to $23 after PaineWebber, the securities firm, cut its rating on the toy company's shares from "attractive" to "neutral".

On the Nasdaq market, In Focus Systems climbed $1¼ to $9 on news of a joint venture which the company will form with Motorola (up $¼ at $84 on the NYSE). Under the terms of the venture, Motorola will buy a 20 per cent stake in In Focus at $10 a share.

NYSE volume



Canada

TORONTO edged higher in dull midday trading, enlivened only by activity in banking and financial issues. The TSE 300 firmed 5.2 to 3,390.7 in volume of 11.5m shares valued at C$137.9m. Advances led declines by 205 to 182 with 236 issues unchanged.

The financial services sector rose 22.49 to 2,766.31, as banking shares continued to rise following a positive report from Goldman Sachs on Wednesday. The Royal Bank of Canada gained C$⅛ to C$25¼ and the Bank of Nova Scotia rose C$⅛ to C$23⅞.

EUROPE

Hafnia fall-out spreads across Continent

THE fall-out from the Hafnia debacle in Denmark spread from the troubled Nordic bourses to other continental equity markets yesterday, *writes Our Markets Staff.*

FRANKFURT lost its early gains after Deutsche Bank Research downgraded its forecasts for Commerzbank in view of the latter's loan exposure to Hafnia, the Danish insurance group which suspended payments on Wednesday.

DBR dropped its 1992 Commerzbank EPS by DM3 to DM22, and 1993's by DM2 to DM25. Commerzbank shares dropped DM15.80 to DM220.50. Other analysts said that it was unlikely that Commerzbank would lose all of the DM300m implied by these calculations but remembered that its recent performance includes exposure to the embattled Canadian property developer, O & Y.

The DAX index came back from an intraday high of 1,536.05 to 1,513.06, down 1.66 on the day. Dealers were looking for a good day with M3 in line with expectations and bond futures looking good, but they said that the bears seized on the bad news to extend their short positions.

Sectors which suffered most yesterday were construction, regarded as still highly priced, and engineering and steels which stayed weak on their association with Mannesmann which dropped another DM7.20 to DM227, bring its fall this week to DM45.50.

PARIS sank further into its depression as a broker downgrade in the oil sector and worries about the forthcoming referendum on Maastricht took the CAC-40 index down by 10.03 to 1,724.18. Turnover was larger than usual at FFr1.8bn.

Dealers said the excessive falls in share prices following negative comments from brokers this week showed how nervous the market was.

Total dropped FFr12.70 or 5.6 per cent to FFr212.50 in relatively heavy volume of 1.1m shares after Merrill Lynch downgraded it buy from neutral ahead of first-half results due in late September. A spokesman for the oil company said that the bourse had overreacted to the broker's analysis. In the same sector, Elf dropped FFr10.10 to FFr312.80 ahead of its interims, due on Monday.

Elsewhere, UAP fell FFr11.90 or 3.1 per cent to FFr374 on worries about the consequences of its 6 per cent stake in Hafnia.

Among smaller stocks, Valeo slipped FFr34 to FFr715 as Paribas adopted a more cautious stance on the automotive sector.

MILAN was temporarily shaken out of its August torpor by a newspaper report which revived an old rumour that a group of investors, led by Mediobanca, was interested in buying Iri's 57 per cent stake in Banca Commerciale Italiana (BCI). The Comit index rose 3.72 to 404.90 in turnover estimated at L50-55bn.

Brokers found the price-tag of between L3.5 and L4 trillion – around L6,000 a share – mooted in the report as too high, considering BCI's fundamentals. They also pointed out that if Iri sold its 57 per cent stake in the bank to another party, this would trigger the new Opa law designed to protect the interests of minority shareholders.

BCI shares gained 6.8 per cent or L159 to L2,499 volume of just over 4m shares. Mediobanca was also strong, rising L276 to L11,475.

The state telephone company Sip was the most heavily traded stock on the screen, falling L28 to L1,101 in volume of 4.6m shares. Dealers said renewed rumours of a rights issue weighed on the stock.

ZURICH turned lower after a sudden drop in the dollar, some banks falling as the SMI index fell 22.2, or 1.3 per cent to 1,753.5. SBC fell SFr5 to SFr231 and Swiss Volksbank by SFr30 to SFr760.

STOCKHOLM saw a rise in Sweden's key marginal lending rate, aimed at stemming the outflow of capital from the country, and the Affärsvärlden General index fell 6.3 to 791.1. Ericsson B eased SKr1 to SKr113 in spite of a better-than-expected first-half profit of SKr58m.

Newspaper reports estimated the size of S-E-Banken loans to Hafnia at between SKr450m and SKr1.4bn and the bank's stock fell to a new 12-month low of SKr17.50, down SKr1.

OSLO dropped another 3.5 per cent, the all-share index closing 11.66 lower at 327.97 with Den norske Bank A down DKr1.2 to a new low of DKr2.0 and Uni Storebrand by DKr0.4 to DKr15.5.

HELSINKI's bank and finance index fell 5.8 per cent as *Moody's* put two Finnish banks, KOP and Okobank, under review for a possible ratings downgrade. The Hex index closed 14.4, or 2.4 per cent lower at 634.3.

Pohjola, the insurer, saw its B free shares fall FM5.1, or 17.5 per cent to FM24 following Wednesday's Hafnia announcement. The insurer has a 10 per cent stake in the Swedish insurer Skandia, of which Hafnia holds some 15 per cent.

AMSTERDAM ended lower in quiet trading, as the CBS Tendency index fell 0.6 to 111.3.

VIENNA ended firmer, boosted by the expiry of August options contracts. The 18-share ATX index gained 13.52 to 745.7 and the bourse index rose 2.24 to 356.29.

FT-SE Eurotrack 100 - Aug 20

Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1035.70	1035.50	1033.48	1031.28	1031.07	1031.88	1031.66	1030.82

Day's High 1035.89 Day's Low 1030.41

Aug 19	Aug 18	Aug 17	Aug 14	Aug 13
1033.91	1035.74	1045.00	1042.13	1035.59

Base value 1000 (26/10/90).

European paper shares reflect the damage

Paul Abrahams on a sector which is suffering from the recession and overcapacity

European paper and pulp companies are suffering badly from the global economic recession and overcapacity in the industry. The damage is likely to worsen and it could take two years for profitability to improve.

The structural problem is that paper manufacturing is capital-intensive with high fixed costs. When demand strengthens, prices move up quickly because of the difficulties of bringing on new capacity. But when demand is weak, capacity reduction is almost impossible and prices fall equally quickly.

Paper and pulp shares have been highly volatile as investors, uncertain about the economic cycle, attempt to call the end of recession. Sentiment has fluctuated. For example, shares in MoDo, the Swedish group, increased from a level of SKr185 at the beginning of the year to SKr273 by June. Since then they have fallen back to SKr190.

Mr Denis Christie, European paper and packaging analyst at James Capel, warns: "There is a lot of hope-value in some paper shares and it is not necessarily justified."

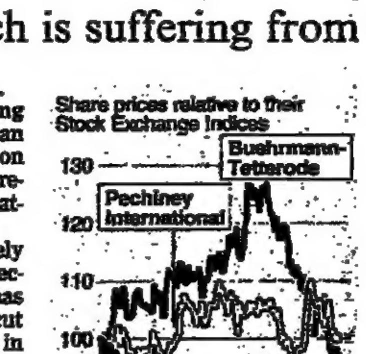
Some sectors are suffering more than others. The pulp industry is in difficulties with most plants operating at below 90 per cent capacity. Although a strike in British Colombia cut about 20 per cent of northern bleached softwood kraft capacity recently, the long-term outlook is poor, according to Mr Christie.

Pulp capacity growth is likely to exceed demand growth by almost two times *and pulp prices this year* will remain below those of last year, warns Mr Christie.

Furthermore, in the long term, low-cost South American manufacturers are bringing on new capacity which will prevent Nordic producers repeating the profits peak of 1989.

Nordic groups are also likely to suffer in the newsprint sector. Demand for newsprint has fallen, as newspapers have cut pagination following the fall in advertising revenue.

At the same time, two newsprint plants in Germany and one in Switzerland with a combined capacity of 650,000 tonnes are due to come on stream by 1994. These will be sited near cities and will use recycled paper, offering a significant cost advantage over those using virgin fibre, such as the Scandinavians.



Those sectors less affected by recession and overcapacity include coated papers and packaging. Mr Christie believes that when demand picks up prices are also likely to improve quite quickly.

"In these conditions it is difficult to pick any stocks," adds Mr Christie. "There is a lot of pain still to endure."

He argues, however, that those willing to wait for capital gains could find it profitable to invest near the bottom of the cycle. Some Continental stocks are tightly held, and when sentiment improves it can be difficult to buy them. He recommends avoiding those integrated with significant pulp capacity.

KNP, the Dutch group, is short on pulp and therefore able to benefit from low prices. In addition, the group is strong in lightweight coated paper, which is likely to be one of the first areas to recover. It also has a joint venture with Bührmann-Tetterode in corrugated board, which is in short supply.

Mr Christie describes it as the highest quality paper company in Europe. He points out that it will have little problem covering its dividend and has a 6 per cent yield, making it a reasonable investment while waiting for the paper sector to improve.

In the short term, profits of all paper groups are likely to be under pressure. The question for investors will be the speed and timing of recovery.

ASIA PACIFIC

Nikkei recovers 4.2% on short-covering move

Tokyo

SHARE prices rose sharply on short-covering as speculators detected a shift in market sentiment. The Nikkei average advanced 4.2 per cent, regaining the 15,000 level for the first time in eight trading days, *writes Emiko Terazono in Tokyo.*

The Nikkei ended 617.02 ahead at 15,267.76, after opening at the day's low of 14,677.64 and registering a high in the afternoon of 15,546.47.

Volume rose to 300m shares from 226m, reaching 300m for the first time since July 10. Advances led declines by 950 to 66, with 80 issues unchanged, while the Topix index of all first section stocks strengthened 46.65 to 1,163.77. In London, the ISE/Nikkei 50 index gained just 0.87 to 967.17.

Analysts were cautiously optimistic. "There seems to have been a shift in market psychology," said Mr Alan Livsey at Kleinwort Benson. Investors were also encouraged by comments from Mr Yasushi Mieno, the Bank of Japan governor, indicating full support for the Finance Ministry's emergency package for the banking system.

However, individual investors remained on the sidelines, and only limited buying from institutions was noted. Leading gainers were companies faced with mounting debt and declining cash flow. Nippon Housing Loan continued to head the actives list and rose by its daily limit of Y50 to Y241. Daikyo, the troubled condominium developer, jumped Y90 to Y640. "It does not say too much for the market when we see garbage floating to the top," said one analyst.

However, blue chips were also strong, led by Sony, which surged Y340 to Y3,880, and Pioneer Electronic, up Y170 at Y2,830. Pessimism ahead of the two companies' quarterly earnings, announced late on Wednesday, had prompted selling. In the event, the figures reported by the companies were better than expected and scotched earlier rumours of downward revisions for the whole year.

Nippon Telegraph and Telephone firmed Y15,000 to Y493,000 on short-covering. Green Cross, the pharmaceutical group, appreciated Y100 to Y880 on hopes for its new Aids drug.

In Osaka, the OSE average rose 696.20 to 16,421.36 in volume of 19.7m shares. Nintendo, the video game maker, put on Y300 to Y9,950.

Roundup

TOKYO'S rebound failed to encourage the Pacific Rim.

AUSTRALIA lost ground and brokers said there was an A$35m sell portfolio overhanging the market. The All Ordinaries index declined 8.0 to 1,553.6 in turnover of A$263.2m.

Trading was also dominated by BHP's offer to buy a 32 per cent stake in Foster's Brewing at the equivalent of A$2.39 a share. Foster's climbed 7 cents to A$1.80 in volume of A$10.3m shares, but BHP receded 16 cents to A$13 with 3.4m shares traded.

ANZ slipped 9 cents to A$3.12 on fears about asset write-downs and the effects of the Bombay broking scandal.

HONG KONG fell on heavy selling by overseas institutions but closed off the day's lows on late bargain-hunting. The Hang Seng index closed 138.83, or 2.47 per cent, down at 5,481.61 but above the day's worst level of 5,377.14. Turnover rose to HK$3.86bn from HK$2.02bn.

One of the most active stocks was Hutchison Whampoa which fell 30 cents to HK$15.10.

SEOUL fell on rumours that ruling party members had objected to parts of a proposed government bail-out for the stock market. The composite index lost 11.39 to 467.70.

There was also a negative reaction to the government's decision to award the nation's second mobile telephone licence to the Sunkyong Group, a company with close ties to President Roh Tae-woo.

MANILA's decline reflected profit-taking after last week's rally on an infusion of new money from foreign funds. The composite index fell 26.77 to 1,490.57.

TAIWAN ended mixed after bargain hunting, with the weighted index 0.87 easier at a 19-month low of 3,733.06. Turnover rose to T$22.4bn from T$17.84bn. The construction sector fell a further 2.1 per cent.

SINGAPORE saw the Straits Times Industrial index close 11.48 higher at 1,323.59 after a volatile session. Volume came to 53.39m shares, after 69.56m.

KUALA LUMPUR rallied further after its recent sell-off, but *closed off the day's highs on* profit-taking and renewed selling. The KLSE composite index added 4.20 at 561.21

NEW ZEALAND drifted off in the afternoon, led by further weakness in Fletcher Challenge (FCL). The NZSE-40 index shed 7.11 to 1,491.06. FCL fell another 8 cents to NZ$2.50 after reporting a maiden loss and a NZ$3.5bn asset sale programme on Wednesday.

SOUTH AFRICA

DE Beers and Anglos were weighed down by a strong financial rand and an easier bullion price. The overall index was off 10 to 3,157 and golds shed 20 to 938. But industrials rose 21 to 4,031.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 19 1992								TUESDAY AUGUST 18 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	133.27	+0.4	102.11	106.40	100.68	122.33	-0.2	4.46	132.76	102.01	105.94	100.63	122.56	153.68	131.66	145.63
Austria (19)	146.06	+0.9	113.45	118.21	111.85	112.26	+0.9	2.60	146.31	112.40	116.76	111.28	111.30	186.70	139.27	165.00
Belgium (42)	143.48	+0.9	109.93	114.54	108.38	105.97	+0.5	5.80	142.24	109.30	113.51	107.82	105.41	152.27	135.87	124.90
Canada (114)	125.77	+0.1	96.36	100.40	95.00	109.06	+0.1	3.19	125.60	96.51	100.23	95.20	108.91	142.12	124.32	139.27
Denmark (35)	228.61	-1.3	175.16	182.52	172.70	174.43	-1.5	2.01	231.55	177.92	184.79	175.52	177.15	273.94	226.72	251.18
Finland (15)	68.22	+0.0	52.27	54.47	51.54	57.41	+0.1	2.46	68.25	52.44	54.47	51.73	57.33	89.80	68.20	92.41
France (103)	156.53	+0.0	119.93	124.96	118.24	121.17	-0.2	3.71	156.46	120.22	124.86	118.59	121.37	168.75	148.06	130.43
Germany (64)	115.45	+0.3	88.46	92.19	87.21	87.21	+0.0	2.62	115.06	88.41	91.84	87.22	87.22	129.69	114.67	102.07
Hong Kong (53)	232.66	-1.1	178.27	185.75	175.76	230.99	-1.1	3.61	235.12	180.70	187.68	178.27	233.48	259.55	176.36	160.15
Ireland (16)	158.17	+0.1	121.19	126.28	119.48	122.02	-0.1	4.32	158.02	121.42	126.10	119.78	122.13	173.71	151.78	151.42
Italy (78)	63.35	+0.5	48.54	50.57	47.85	52.22	+0.2	3.37	63.02	48.43	50.30	47.77	52.11	80.86	61.30	70.39
Japan (473)	88.49	+1.4	67.80	70.65	66.86	70.65	+1.4	1.20	87.27	67.05	69.64	66.16	69.64	140.95	87.27	124.37
Malaysia (69)	224.73	+1.0	172.19	179.41	169.76	216.33	+1.0	2.91	222.60	171.04	177.64	168.73	214.29	250.47	212.49	196.39
Mexico (18)	1358.59	-0.7	1040.95	1084.65	1026.30	4582.50	-0.7	1.31	1367.98	1051.12	1091.70	1036.93	4614.86	1789.77	1303.41	1088.81
Netherland (25)	163.52	+0.7	125.29	130.55	123.53	122.21	+0.3	4.59	162.46	124.83	129.65	123.15	121.87	167.29	147.88	136.14
New Zealand (14)	43.41	+0.1	33.26	34.66	32.79	42.70	-0.2	5.32	43.37	33.33	34.62	32.88	42.79	46.52	42.01	45.46
Norway (23)	152.03	-1.2	116.49	121.38	114.85	118.55	-1.4	2.13	153.94	118.28	122.95	116.69	120.19	192.95	152.03	197.72
Singapore (38)	181.84	+0.6	139.32	145.17	137.36	134.83	+0.6	2.45	180.71	138.86	144.22	136.99	134.08	229.63	180.71	180.45
South Africa (61)	190.19	+1.8	145.73	151.84	143.67	156.72	+0.6	3.24	186.87	143.59	149.13	141.65	155.75	263.60	186.87	236.53
Spain (49)	136.32	-0.1	104.45	108.83	102.98	96.56	-0.1	6.08	136.51	104.89	108.96	103.48	96.70	161.72	133.79	145.87
Sweden (30)	180.05	-0.6	137.95	143.75	136.02	141.34	-0.9	2.91	181.22	139.25	144.63	137.37	142.66	200.28	173.09	185.81
Switzerland (62)	110.80	-0.1	84.90	88.47	83.71	89.44	-0.8	2.40	110.83	85.20	88.39	84.06	90.12	113.88	95.99	90.75
United Kingdom (228)	181.07	+0.6	138.74	144.55	136.77	138.74	+0.3	5.28	179.96	138.26	143.60	136.40	138.28	200.07	165.85	174.76
USA (522)	170.40	-0.7	130.56	136.04	128.73	170.40	-0.7	2.95	171.39	131.92	137.02	130.14	171.68	173.10	160.92	158.69
Europe (789)	145.46	+0.4	111.45	116.13	109.89	111.22	+0.1	4.29	144.95	111.37	115.68	109.88	111.16	156.88	139.31	135.29
Nordic (103)	166.82	-0.9	127.82	133.19	126.02	124.84	-1.1	2.54	168.33	129.34	134.33	127.59	126.29	188.52	166.82	183.51
Pacific Basin (715)	94.80	+1.2	72.63	75.68	71.61	76.88	+1.2	1.60	93.70	72.00	74.78	71.03	75.99	141.97	93.70	125.72
Euro-Pacific (1504)	115.29	+0.8	88.33	92.03	87.08	91.09	+0.6	2.97	114.42	87.92	91.31	86.73	90.55	145.21	113.80	129.84
North America (636)	167.60	-0.7	128.42	133.82	126.63	166.22	-0.7	2.96	168.80	129.70	134.73	127.98	167.40	170.31	158.70	157.42
Europe Ex. UK (561)	123.94	+0.2	94.96	98.37	93.65	95.40	-0.2	3.57	123.73	95.08	98.77	93.81	95.55	132.98	121.81	112.12
Pacific Ex. Japan (242)	156.95	-0.1	120.25	125.32	118.57	141.45	-0.3	3.82	157.12	120.73	125.41	119.11	141.93	175.31	149.00	139.16
World Ex. US (1697)	117.22	+0.7	89.81	93.59	88.55	93.46	+0.6	2.97	116.36	89.41	92.87	88.21	92.94	146.91	116.18	131.84
World Ex. UK (1991)	129.82	+0.0	99.47	103.65	98.08	114.65	+0.0	2.66	129.75	99.72	103.58	98.36	114.69	150.58	127.21	136.59
World Ex. So. Af. (2158)	133.92	+0.1	102.61	106.93	101.18	116.50	+0.0	2.96	133.82	102.92	106.80	101.44	116.50	153.05	130.04	139.27
World Ex. Japan (1746)	159.54	-0.3	122.24	127.38	120.54	143.55	-0.4	3.47	159.97	122.92	127.67	121.28	144.13	165.40	153.20	149.47
The World Index (2219)	134.24	+0.1	102.86	107.18	101.42	116.88	+0.0	2.96	134.11	103.05	107.03	101.66	116.88	153.70	130.66	139.91

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